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Assistant Secretary of Defense (Health Affairs)

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CIVILIAN HEALTH AND MEDICAL PROGRAM
OF THE UNIFORMED SERVICES (CHAMPUS)

The Assistant Secretary of Defense (Health Affairs), has authorized the following page changes to DoD 601 O.8-R, "Civilian Health and Medical Program of the Uniformed Services (CHAMPUS)," July 1991 (Reprint).

PAGE CHANGES

Remove: 2-i through 2-iv, 2-11 through 2-14, 2-21 through 2-26, 4-6a&4-6b,
4-26&4-27, 6-i through 6-20, 7-i through 7-12, 10-i through 10-2

Insert: Attached replacement pages and new pages 6-21 through 6-31, 7-13 through
7-15, 10-2a& 10-2b

Changes appear on pages 2-ii, 2-iv, 2-12, 2-13, 2-22, 2-23, 4-6a, 4-26, 6-i&6-ii, 6-1, 6-4, 6-5, 6-11, 6-12, 7-i through 7-1, 7-3 through 7-10 and are indicated by marginal bars.

EFFECTIVE DATE

The effective date for Medical Documentation is December 26, 1991. The effective date for Drug and Appropriate Level of Care Provisions is November 26, 1991.

JAMES L. ELMER
Director
Correspondence and Directives

Attachments
75 pages

WHEN PRESCRIBED ACTION HAS BEEN TAKEN, THIS TRANSMITTAL SHOULD BE FILED WITH THE BASIC DOCUMENT

CHAPTER 2

DEFINITIONS

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Doctor of Medicine (M.D.). A person who has graduated from a college of **allopathic** medicine and who is entitled legally to use the designation M.D.

Doctor of Osteopathy (D.O.). A practitioner of osteopathy, that is, a system of therapy based on the theory that the body is capable of making its own remedies against disease and other toxic conditions when it is in normal structural relationship and has favorable environmental conditions and adequate nutrition. It utilizes generally accepted physical, medicinal, and surgical methods of diagnosis and therapy, while placing chief emphasis on the importance of normal body mechanics and manipulative methods of detecting and correcting faulty structure.

Domiciliary Care. Inpatient institutional care provided the beneficiary not because it is medically necessary, but because the care in the home setting is not available, is unsuitable, or members of the patient's family are unwilling to provide the care. Institutionalization because of abandonment constitutes domiciliary care.

NOTE : The terms "domiciliary" and "custodial care" represent separate concepts and are not interchangeable. Domiciliary care is not covered under either the CHAMPUS Basic Program or the Program for the Handicapped (PFTH).

Donor. An individual who supplies living tissue or material to be used in another body, such as a person who furnishes a kidney for renal transplant.

Double Coverage. When a CHAMPUS beneficiary also is enrolled in another insurance, medical service, or health plan that duplicates all or part of a beneficiary's CHAMPUS benefits.

Double Coverage Plan. The specific insurance, medical service, or health plan under which a CHAMPUS beneficiary has entitlement to medical benefits that duplicate CHAMPUS benefits in whole or in part. Double coverage plans do not include:

1. Medicaid.
2. Coverage specifically designed to supplement CHAMPUS benefits.
3. Entitlement to receive care from the Uniformed Services medical facilities; or
4. Entitlement to receive care from Veterans Administration medical care facilities.

Dual Compensation. Federal Law (5 U.S.C. 5536) prohibits active duty members or civilian employees of the United States Government from receiving additional compensation from the government above their normal pay and allowances. This prohibition applies to CHAMPUS cost-sharing of medical care provided by active duty members or civilian government employees to CHAMPUS beneficiaries.

Durable Medical Equipment. Equipment for which the allowable charge is over \$100 and which:

1. 'Is medically necessary for the treatment of a covered illness or injury;
2. Improves the function of a malformed, diseased, or injured body part, or retards further deterioration of a patient's physical condition;
3. Is used primarily and customarily to serve a medical purpose rather than primarily for transportation, comfort, or convenience;
4. Can withstand repeated use;
5. Provides the medically appropriate level of performance and quality for the medical condition present (that is, **nonluxury** and **nondeluxe**); and
6. Is other than spectacles, eyeglasses, contact lenses, or other **opti-**cal devices, hearing aids, or other communication devices.
7. Is other than exercise equipment, spas, whirlpools, hot tubs, swimming pools or other such items.

Emergency Inpatient Admission. An unscheduled, unexpected, medically necessary admission to a hospital or other authorized institutional provider for treatment of a medical condition meeting the definition of medical emergency and which is determined to require immediate inpatient treatment by the attending physician.

Entity. For purposes of Chapter 9.F.1., "entity" includes a corporation, trust, partnership, sole proprietorship or other kind of business enterprise that is or may be eligible to receive reimbursement either directly or indirectly from CHAMPUS.

Essentials of Daily Living. Care that consists of providing food (**including special** diets), clothing, and shelter; personal hygiene services; observation and general monitoring; bowel training or management; safety precautions; general preventive procedures (such as turning to prevent bedsores); passive exercise; companionship; recreation; transportation; and such other elements of personal care that reasonably can be performed by an untrained adult with minimal instruction or supervision.

Experimental. Medical care that essentially is investigatory or an unproven procedure or treatment ~~regimen~~ (usually performed under controlled **medicolegal** conditions) that does not meet the generally accepted standards of usual professional medical practice in the general medical community. The conduct of biomedical or behavioral research involving human subjects at risk of physical, psychological, or social injury is experimental medicine. For the purposes of CHAMPUS, any medical services or supplies provided under a scientific research grant, either public or private, are classified as "experimental . " (Financial grants-in-aid to an individual beneficiary are not considered grants for this purpose.) Use of drugs and medicines and devices not approved by the U.S. Food and Drug Administration (FDA) for commercial marketing, that is, for general use by humans (even though permitted for testing on human beings) also is considered experimental. Drugs grandfathered by the Federal Food, Drug and Cosmetic Act of 1938 may

be covered under CHAMPUS as if FDA approved. Certain cancer drugs, designated as Group C drugs (approved and distributed by the National Cancer Institute) and Treatment Investigational New Drugs (INDs), cannot be cost-shared under CHAMPUS because they are not approved for commercial marketing by the FDA. However, medical care related to the use of Group C drugs and Treatment INDs can be cost-shared under CHAMPUS when the patient's medical condition warrants their administration and the care is provided in accordance with generally accepted standards of medical practice. NOTE: In areas outside the United States, standards comparable to those of the FDA are the CHAMPUS objective.

External Partnership Agreement. The external partnership agreement is an agreement between a military treatment facility commander and a CHAMPUS authorized institutional provider, enabling Uniformed Services health care personnel to provide otherwise covered medical care to CHAMPUS beneficiaries in a civilian facility under the Military-Civilian Health Services Partnership Program. Authorized costs associated with the use of the facility will be financed through CHAMPUS under normal cost-sharing and reimbursement procedures currently applicable under the basic CHAMPUS.

Extramedical Individual Providers of Care. Individuals who do counseling or nonmedical therapy and whose training and therapeutic concepts are outside the medical field, as specified in Chapter 6 of this Regulation.

Fraud. For purposes of this Regulation, fraud is defined as 1) a deception or misrepresentation by a provider, beneficiary, sponsor, or any person acting on behalf of a provider, sponsor, or beneficiary with the knowledge (or who had reason to know or should have known) that the deception or misrepresentation could result in some unauthorized CHAMPUS benefit to self or some other person, or some unauthorized CHAMPUS payment, or 2) a claim that is false or fictitious, or includes or is supported by any written statement which asserts a material fact which is false or fictitious, or includes or is supported by any written statement that (a) omits a material fact and (b) is false or fictitious as a result of such omission and (c) is a statement in which the person making, presenting, or submitting such statement has a duty to include such material fact. It is presumed that, if a deception or misrepresentation is established and a CHAMPUS claim is filed, the person responsible for the claim had the requisite knowledge. This presumption is rebuttable only by substantial evidence. It is further presumed that the provider of the services is responsible for the actions of all individuals who file a claim on behalf of the provider (for example, billing clerks); this presumption may only be rebutted by clear and convincing evidence.

Freestanding. Not "institution-affiliated" or "institution-based."

Former Spouse. A former husband or wife of a Uniformed Service member or former member who meets the criteria as set forth in paragraph B.2.b. of Chapter 3 of this Regulation.

Full-Time Course of Higher Education. A complete, progressive series of studies to develop attributes such as knowledge, skill, mind, and character, by formal schooling at a college or university, and which meets the criteria set out in Chapter 3 of this Regulation. To qualify as full-time, the student must be carrying a course load of a minimum of 12 credit hours or equivalent each semester.

General Staff Nursing Service. All nursing care (other than that provided by private duty nurses) including, but not limited to, general duty nursing, emergency room nursing, recovery room nursing, intensive nursing care, and group nursing arrangements performed by nursing personnel on the payroll of the hospital or other authorized institution.

Good Faith Payments. Those payments made to civilian sources of medical care who provided medical care to persons purporting to be eligible beneficiaries but who are determined later to be ineligible for CHAMPUS benefits. (The ineligible person usually possesses an erroneous or illegal identification card.) To be considered for good faith payments, the civilian source of care must have exercised reasonable precautions in identifying a person claiming to be an eligible beneficiary.

High-risk pregnancy. A pregnancy is high-risk when the presence of a currently active or previously treated medical, anatomical, physiological illness or condition may create or increase the likelihood of a detrimental effect on the mother, fetus, or newborn and presents a reasonable possibility of the development of complications during labor or delivery.

Hospital, Acute Care (General and Special). An institution that meets the criteria as set forth in paragraph B.4.a. of Chapter 6 of this Regulation.

Hospital, Long-Term (Tuberculosis, Chronic Care, or Rehabilitation). An institution that meets the criteria as set forth in paragraph B.4. of Chapter 6 of this Regulation.

Hospital, Psychiatric. An institution that meets the criteria as set forth in paragraph B.4. of Chapter 6 of this Regulation.

Illegitimate Child. A child not recognized as a lawful offspring; that is, a child born of parents not married to each other.

Immediate Family. The spouse, natural parent, child and sibling, adopted child and adoptive parent, stepparent, stepchild, grandparent, grandchild, stepbrother and stepsister, father-in-law, mother-in-law of the beneficiary, or provider, as appropriate. For purposes of this definition only, to determine who may render services to a beneficiary, the step-relationship continues to exist even if the marriage upon which the relationship is based terminates through divorce or death of one of the parents.

Independent Laboratory. A freestanding laboratory approved for participation under Medicare and certified by the Health Care Financing Administration.

Infirmaries. Facilities operated by student health departments of colleges and universities to provide inpatient or outpatient care to enrolled students. When specifically approved by the Director, OCHAMPUS, or a designee, a boarding school infirmary also is included.

Initial Determination. A formal written decision on a CHAMPUS claim, a request for benefit authorization, a request by a provider for approval as an authorized CHAMPUS provider, or a decision disqualifying or excluding a provider as an authorized provider under CHAMPUS. Rejection of a claim or a

Participating Provider. A hospital or other authorized institutions¹ provider, a physician or other authorized individual professional provider, or other authorized provider that furnished services or supplies to a CHAMPUS beneficiary and that has agreed, by act of signing and submitting a CHAMPUS claim form and indicating participation in the appropriate space on the claim form, to accept the CHAMPUS-determined allowable cost or charge as the total charge (even though less than the actual billed amount), whether paid for fully by the CHAMPUS allowance or requiring **cost-sharing** by the beneficiary (or sponsor).

Party to a Hearing. An appealing party or parties and CHAMPUS.

Party to the Initial Determination. Includes CHAMPUS and also refers to a CHAMPUS beneficiary and a participating provider of services whose interests have been adjudicated by the initial determination. In addition, a provider who has been denied approval as an authorized CHAMPUS provider is a party to that initial determination, as is a provider who is disqualified or excluded as an authorized provider under CHAMPUS, unless the provider is excluded based on a determination of abuse or fraudulent practices or procedures under another federal or federally funded program. See Chapter 10 for additional information concerning parties not entitled to administrative review under the CHAMPUS appeals and-hearing procedures.

Pharmacist. A person who is trained specially in the scientific basis of pharmacology and who is licensed to prepare and **sell** or dispense drugs and compounds and to make up prescriptions ordered by a physician.

Physical Medicine Services or Physiatry Services. The treatment of disease or injury by physical **means** such as massage, hydrotherapy, or heat.

Physical Handicap. A physical condition of the body that meets the following criteria:

1. Duration. The condition is expected to result in death, or has lasted, or with reasonable certainty is expected to last, for a minimum period of 12 months; and

2. Extent. The condition is of such severity as to preclude the individual from engaging in substantially basic productive activities of daily living expected of unimpaired persons of the same age group.

Physical Therapist. A **person** who is trained specially in the skills and techniques of physical therapy (that is, the treatment of disease by physical agents and methods such as heat, massage, manipulation, therapeutic exercise, hydrotherapy, and various forms of energy such as electrotherapy and ultrasound), who has been authorized legally (that is, registered) to administer treatments prescribed by a physician and who is entitled legally to use the designation "Registered Physical Therapist." A physical therapist also may be called a physiotherapist.

Physician. A person with a degree of Doctor of Medicine (M.D.) or Doctor of Osteopathy (D.O.) who is licensed to practice medicine by an appropriate authority.

Podiatrist (Doctor of Podiatry or Surgical Chiropody). A person who has received a degree in podiatry (formerly called chiropody), that is, that specialized field of the healing arts that deals with the study and care of the foot, including its anatomy, pathology, and medical and surgical treatment.

Preauthorization. A decision issued in writing by the Director, OCHAMPUS, or a designee, that CHAMPUS benefits are payable for certain services that a beneficiary has not yet received.

Prescription Drugs and Medicines. Drugs and medicines which at the time of use were approved for commercial marketing by the U.S. Food and Drug Administration, and which, by law of the United States, require a physician's or dentist's prescription, except that it includes insulin for known diabetics whether or not a prescription is required. Drugs grandfathered by the Federal Food, Drug and Cosmetic Act of 1938 may be covered under CHAMPUS as if FDA approved.

NOTE : The fact that the U.S. Food and Drug Administration has approved a drug for testing on humans would not qualify it within this definition.

Preventive Care. Diagnostic and other medical procedures not related directly to a specific illness, injury, or definitive set of symptoms, 'or obstetrical care, but rather performed as periodic health screening, health assessment, or health maintenance.

Primary Payer. The plan or program whose medical benefits are payable first in a double coverage situation.

Private Duty (Special) Nursing Services. Skilled nursing services rendered to an individual patient requiring intensive medical care. such private duty (special) nursing must be by an actively practicing registered nurse (R.N.) or licensed practical or vocational nurse (L.P.N. or L.V.N.) only when the medical condition of the patient requires intensive skilled nursing services (rather than primarily providing the essentials of daily living) and when such skilled nursing care is ordered by the attending physician.

Private Room. A room with one bed that is designated as a private room by the hospital or other authorized institutional provider.

Program for the Handicapped (PFTH). The special program set forth in Chapter 5 of this Regulation, through which dependents of active duty members receive supplemental benefits for the moderately or severely mentally retarded and the seriously physically handicapped over and above those medical benefits available under the Basic Program.

Progress notes. Progress notes are an essential component of the medical record wherein health care personnel provide written evidence of ordered and supervised diagnostic tests, treatments, medical procedures, therapeutic behavior and outcomes. In the case of mental health care, progress notes must include: the date of the therapy session; length of the therapy session; a notation of the patient's signs and symptoms; the issues, pathology and specific behaviors addressed in the therapy session; a statement summarizing the therapeutic interventions attempted during the therapy session; descriptions of the response to treatment, the outcome of the treatment, and the response to significant others; and a statement summarizing the patient's degree of progress toward the treatment goals. Progress notes do not need to repeat all that was said during a therapy session but must document a patient contact and be sufficiently detailed to allow for both peer review and audits to substantiate the quality and quantity of care rendered.

Prosthetic Device (Prosthesis). An artificial substitute for a missing body part.

Provider. A hospital or other institutional provider, a physician, or other individual professional provider, or other provider of services or supplies as specified in Chapter 6 of this Regulation.

Provider Exclusion and Suspension. The terms "exclusion" and "suspension" , when referring to a provider under CHAMPUS, both mean the denial of status as an authorized provider, resulting in items, services, or supplies furnished by the provider not being reimbursed, directly or indirectly, under CHAMPUS. The terms may be used interchangeably to refer to a provider who has been denied status as an authorized CHAMPUS provider based on 1) a criminal conviction" or civil judgment involving fraud, 2) an administrative finding of fraud or abuse under CHAMPUS, 3) an administrative finding that the provider has been excluded or suspended by another agency of the Federal Government, a state, or **a local** licensing authority, 4) an administrative finding that the provider has knowingly participated in a conflict of interest situation, or 5) an administrative finding that it. is in the best interests of the CHAMPUS or CHAMPUS beneficiaries to exclude or suspend the provider.

Provider Termination. When a provider's status as an authorized CHAMPUS provider is ended, other than through exclusion or suspension, based on a finding that the provider does not meet the qualifications, as set forth in Chapter 6 of this Regulation, to be an authorized CHAMPUS provider.

Radiation Therapy Services. The treatment of diseases by x-ray, radium, or radioactive isotopes when ordered by the attending physician.

Referral. The act or an instance of referring a CHAMPUS beneficiary to another authorized provider to obtain necessary medical treatment. Under CHAMPUS, only a physician may make referrals.

Registered Nurse. A person who is prepared specially in the scientific basis of nursing, who is a graduate of a **school** of nursing, and who **is** registered for practice after examination by a state board of nurse examiners or similar regulatory authority, who holds a current, valid license, and who is entitled legally to use the designation R.N.

Representative. Any person who has been appointed by a party to the initial-determination as counsel or advisor and who is otherwise eligible to serve as the counsel or advisor of the party to the initial determination, particularly in connection with a hearing.

Resident (Medical). A graduate physician or dentist who has an M.D. or D.O. degree, or D.D.S. or D.M.D. degree, respectively, is licensed to practice, and **who** chooses to remain on the house staff of a hospital to get further training that will qualify him or her for a medical or dental specialty.

Residential Treatment Center (RTC). A facility (or distinct part of a facility) which meets the criteria in Chapter **6.B.4.**

Retiree. A member or former **member of a Uniformed Service** who is entitled to retired, retainer, or equivalent pay based on duty in a Uniformed Service.

Routine Eye Examinations. The services rendered in order to determine the refractive state of the eyes.

Sanction. For purpose of Chapter 9, "sanction" means a provider exclusion, suspension, or termination.

Secondary Payer. The plan or program whose medical benefits are payable in double coverage situations only after the primary payer has adjudicated the claim.

Semiprivate Room. A room containing at **least** two beds. If a room is designated publicly as a semiprivate accommodation by the hospital or other authorized institutional provider and contains multiple beds, it qualifies as a semiprivate room for the purposes of CHAMPUS.

Skilled Nursing Facility. An **institution** (or a **distinct** part. of an institution) that meets the criteria as set forth in subsection **B.4.** of Chapter 6 of this Regulation.

Skilled Nursing Service. A service that can only be furnished by an R.N., or L.P.N. or L.V.N., and is required to **be** performed under the supervision of a physician to ensure the safety of the patient and achieve the medically desired result. Examples of skilled nursing services are intravenous or intramuscular injections, **levin** tube or **gastrostomy** feedings, or tracheotomy **aspiration** and insertion. Skilled nursing services are other than those services that provide primarily support for the essentials of daily living or that could be performed by an untrained adult with minimum instruction or supervision.

Special Tutoring. Teaching or instruction provided by a private teacher to an individual usually in a private or separate setting to enhance the educational development of an individual in one or more study areas.

Spectacles, Eyeglasses, and Lenses. Lenses, including contact lenses, that help to correct faulty vision.

Sponsor. An active duty member, retiree, or deceased active duty member or retiree, of a Uniformed Service upon whose status his or her dependents' eligibility for CHAMPUS is based.

Spouse. A lawful wife or husband regardless of whether or not dependent upon the active duty member or retiree.

Student Status. A dependent of a member or former member of a Uniformed Service who has **not** passed his or her 23rd birthday, and is enrolled in a full-time course of study in an institution of higher learning.

Suppliers of Portable X-Ray Services. A supplier that meets the conditions of coverage of the Medicare program, set forth in the Medicare regulations (reference (m)), or the Medicaid program in the state in which the covered service is provided.

Surgery. Medically appropriate operative procedures, including related preoperative and postoperative care; reduction of fractures and dislocations; injection and needling procedures of the joints; laser surgery of the eye; and those certain procedures listed in paragraph C.2.a. of Chapter 4 of this Regulation.

Surgical Assistant. A physician (or dentist or podiatrist) who assists the operating surgeon in the performance of a covered surgical service when such assistance is certified as necessary by the attending surgeon, when the type of surgical procedure being performed is of such complexity and seriousness as to require a surgical assistant, and when interns, residents, or other house staff are not available to provide the surgical assistance services in the specialty area required.

Suspension of Claims Processing. The temporary suspension of processing (to protect the government's interests) of claims for care furnished by a specific provider (whether the claims are submitted by the provider or beneficiary) or claims submitted by or on behalf of a specific CHAMPUS beneficiary pending action by the Director, OCHAMPUS, or a designee, in a case of suspected fraud or abuse. The action may include the administrative remedies provided for in Chapter 9 or any other Department of Defense issuance (e.g. DoD issuances implementing the Program Fraud Civil Remedies Act), case development or investigation by OCHAMPUS, or referral to the Department of Defense-Inspector General or the Department of Justice for action within their cognizant jurisdictions.

Timely Filing. The filing of CHAMPUS claims within the prescribed time limits as set forth in Chapter 7 of this Regulation.

Treatment Plan. A detailed description of the medical care being rendered or expected to be rendered a CHAMPUS beneficiary seeking approval for inpatient benefits for which preauthorization is required as set forth in section B. of Chapter 4 of this Regulation. A treatment plan must include, at a minimum, a diagnosis (either **ICD-9-CM** or **DSM-III**); detailed reports of prior treatment, medical history, family history, social history, and physical examination; diagnostic test results; consultant's reports (if any); proposed treatment by type (such as surgical, medical, and psychiatric); a description of who is or **will** be providing treatment (by discipline or specialty); anticipated frequency, medications, and specific goals of treatment; type of inpatient facility required and why (including length of time the related inpatient stay will be required); and prognosis. If the treatment plan involves the transfer of a CHAMPUS patient from a hospital or another inpatient facility, medical records related to that inpatient stay also are required as a part of the treatment plan documentation.

Uniformed Services. The Army, Navy, Air Force, Marine Corps, Coast Guard, Commissioned Corps of the **USPHS**, and the Commissioned Corps of the NOAA.

Veteran. A person who served in the active military, naval, or air service, and who was discharged or released therefrom under conditions other than dishonorable.

NOTE : Unless the veteran is eligible for "retired pay," "retirement pay," or "retainer pay," which refers to payments of a continuing nature and are payable at fixed intervals from the government for military service neither the veteran nor his or her dependents are eligible **for** benefits under CHAMPUS.

Well-Baby Care. A specific program of periodic health screening, developmental assessment, and routine immunization for children from birth up to 2 years.

Widow or Widower. A person who was a spouse at the time of death of the active duty member or retiree and who has not remarried.

Worker's Compensation Benefits. Medical benefits available under any worker's compensation law (**including** the Federal Employees Compensation Act), occupational disease law, employers liability law, or any other legislation of similar purpose, or under the maritime doctrine of maintenance, wages, and cure.

X-Ray Services. An x-ray examination from which an x-ray film or other image is produced, ordered by the attending physician when necessary and rendered in connection with a medical or surgical diagnosis or treatment of an illness or injury, or in connection with maternity or well-baby care.

b. Successive inpatient admissions. Successive inpatient admissions shall be deemed one inpatient confinement for the purpose of computing the active duty dependent's share of the inpatient institutional charges, provided not more than 60 days have elapsed between the successive admissions, except that successive inpatient admissions related to a single maternity episode shall be considered one confinement, regardless of the number of days between admissions. For the purpose of applying benefits, successive admissions will be determined separately for maternity admissions and admissions related to an accidental injury (refer to section F. of this chapter) .

c. Related services and supplies. Covered services and supplies must be rendered in connection with and related directly to a covered diagnosis or definitive set of symptoms requiring otherwise authorized medically necessary treatment.

d. Inpatient, appropriate level required. For purposes of inpatient care, the level of institutional care for which Basic Program benefits may be extended must be at the appropriate level required to provide the medically necessary treatment... except for patients requiring skilled nursing facility care. For patients for whom skilled nursing facility "care" is adequate, but is not available in the general locality, benefits may be continued in the higher level care facility. General locality means an area that includes all the skilled nursing facilities within 50 miles of the higher level facility, unless the higher level facility can demonstrate that the skilled nursing facilities are inaccessible to its patients. The decision as to whether a skilled nursing facility is within the higher level facility's general locality, or the skilled nursing facility is inaccessible to the higher level facility's patients shall be a CHAMPUS contractor initial determination for the purposes of appeal under chapter 10 of this regulation. CHAMPUS institutional benefit payments shall be limited to the allowable cost that would have been incurred in the skilled nursing facility, as determined by the Director, OCHAMPUS, or a designee. If it is determined that the institutional care can be provided reasonably in the home setting, no CHAMPUS institutional benefits are payable.

e. General or special education not covered. Services and supplies related to the provision of either regular or special education generally are not covered. Such exclusion applies whether a separate charge is made for education or whether it is included as a part of an overall combined daily charge of an institution. In the latter instance, that portion of the overall combined daily charge related to education must be determined, based on the allowable costs of the educational component, and deleted from the institution's charges before CHAMPUS benefits can be extended. The only exception is when appropriate education is not available from or not payable by the cognizant public entity. Each case must be referred to the Director, OCHAMPUS, or a designee, for review and a determination of the applicability of CHAMPUS benefits.

2. Covered hospital services and supplies

a. Room and board. Includes special diets, laundry services, and other general housekeeping support services (inpatient only).

b. General staff nursing services.

RESERVED

(1) Ambulance service is covered for emergency transfers from a beneficiary's place of residence, accident scene, or other location to a USMTF, and for transfer to a USMTF after treatment at, or admission to, a civilian hospital, if ordered by other than a representative of the USMTF.

(2) Ambulance **service** cannot be used instead of taxi service and is not payable when the patient's condition would have permitted use of regular private transportation; nor is it payable when transport or transfer of a patient is primarily for the purpose of having the patient nearer to home, family, friends, or personal physician. Except as described in subparagraph D.3.e. (1), above, transport must be to closest appropriate facility by the least costly means.

(3) Vehicles such as medicabs or ambicabs function primarily as public passenger conveyances transporting patients to and from their medical appointments. No actual medical care is provided to the patients in transit. These types of vehicles do not qualify for benefits for the purpose of CHAMPUS payment.

(4) Ambulance services by other than land vehicles (such as a boat or airplane) may be considered only when the pickup point is inaccessible by a land vehicle, or when great distance or other obstacles are involved in transporting the patient to the nearest hospital with appropriate facilities and the patient's medical condition warrants speedy admission or is such that transfer by other means is contraindicated.

f. Prescription drugs and medicines. Prescription drugs and medicines that by United States law require a physician's or other authorized individual professional provider's prescription (acting within the scope of their license) and that are ordered or prescribed by a physician or other authorized individual professional provider (except that insulin is covered for a known diabetic, even though a prescription may not be required for its purchase) in connection with an otherwise covered condition or treatment, including Rh immune globulin.

(1) Drugs administered by a physician or other authorized individual professional provider as an integral part of a procedure covered under sections B. or C. of this chapter (such as chemotherapy) are not covered under this subparagraph inasmuch as the benefit for the institutional services or the professional services in connection with the procedure itself also includes the drug used.

(2) CHAMPUS **benefits** may not be extended for drugs not approved by the U.S. Food and Drug Administration for commercial marketing. Drugs grandfathered by the Federal Food, Drug and Cosmetic Act of 1938 may be covered under CHAMPUS as if FDA approved.

g. Prosthetic devices. The purchase of prosthetic devices is limited to artificial limbs and eyes, except those items that are inserted surgically into the body as an essential and integral part of an otherwise covered surgical procedure are not excluded.

NOTE : In order for CHAMPUS benefits to be extended, any surgical implant. must be approved for use in humans by the U.S. Food and Drug Administration. Devices that are approved only for investigational use in humans are not payable.

h. Orthopedic braces and appliances. The purchase of leg braces (including attached shoes), arm braces, back braces, and neck braces is covered. Orthopedic shoes, arch supports, shoe inserts, and other supportive devices for the feet., including special-ordered, custom-made built-up shoes or regular shoes subsequently built up, are not covered.

E. SPECIAL BENEFIT INFORMATION

1. General. There are certain circumstances, conditions, or limitations that impact the extension of benefits and that require special emphasis and explanation. This section E. sets forth those benefits and limitations recognized to be in this category. The benefits and limitations herein described also are subject to all applicable definitions, conditions, limitations, exceptions, and exclusions as set forth in this or other chapters of this Regulation, except as otherwise may be provided specifically in this section E.

2. Abortion. The statute under which CHAMPUS operates prohibits payment for abortions with one single exception--where the life of the woman would be endangered if the fetus were carried to term. Covered abortion services are limited to medical services and supplies only. Physician certification is required attesting that the abortion was performed because the mother's life would have been endangered if the fetus were carried to term. Abortions performed for suspected or confirmed fetal abnormality (e.g., anencephalic) or for mental health reasons (e.g., threatened suicide) do not fall within the exceptions permitted within the language of the statute and are not authorized for payment under CHAMPUS.

NOTE : Covered abortion services are limited to medical services or supplies only for the single circumstance outlined above and do not include abortion counseling or referral fees. Payment is not allowed for any services involving preparation for, or normal followup to, a noncovered abortion. The Director, OCHAMPUS, or a designee, shall issue guidelines describing the policy on abortion.

3. Family planning, The scope of the CHAMPUS family planning benefit is as follows:

a. Birth control (such as contraception)

(1) Benefits provided. Benefits are available for services and supplies related to preventing conception, including the following:

(a) Surgical insertion, removal, or replacement of intrauterine devices.

(b) Measurement for, and purchase of, contraceptive diaphragms (and later remeasurement and replacement).

CHAPTER 6

AUTHORIZED PROVIDERS

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CHAPTER 6
AUTHORIZED PROVIDERS

A. GENERAL

This chapter sets forth general policies and procedures that are the basis for the CHAMPUS cost-sharing of medical services and supplies provided by institutions, individuals, or other types of providers. Providers seeking payment from the Federal Government through programs such as CHAMPUS have a duty to familiarize themselves with, and comply with, the program requirements.

1. Listing of provider does not guarantee payment of benefits. The fact that a type of provider is **listed** in this chapter is not to be construed to mean that CHAMPUS will automatically pay a claim for services or supplies provided by such a provider. The provider who actually furnishes the service(s) must, in fact, meet all licensing and other requirements established by this Regulation to be an authorized provider; the provider must not be the subject of sanction under Chapter 9; and, cost-sharing of the **services** must not otherwise be prohibited by this Regulation. In addition, the patient must in fact be an eligible beneficiary and the services or supplies billed must be authorized and medically necessary, regardless of the standing of the provider.

2. Outside the United States or emergency situations within the United States. Outside the United States or within the United States and Puerto Rico in emergency situations, the Director, OCHAMPUS, or a designee, after review of the facts, may provide payment to or on behalf of a beneficiary who receives otherwise covered services or supplies from a provider of service that does not meet the standards described in this Regulation.

NOTE : Only the Secretary of Defense, the Secretary of Health and Human Services, or the Secretary of Transportation, or their designees, may authorize (in emergency situations) payment to civilian facilities in the United States that are not in compliance with title VI of the Civil Rights Act of 1964 (reference (z)). For the purpose of the Civil Rights Act **only**, the United States includes the 50 states, the District of Columbia, Puerto Rico, Virgin Islands, American Samoa, Guam, Wake Island, Canal Zone, and the territories and possessions of the United States.

3. Dual compensation/conflict of interest. Title 5, United States Code, section 5536 (reference (bb)) prohibits medical personnel who are active duty Uniformed Service members or **civilian** employees of the Government from receiving additional Government compensation above their normal pay and allowances for medical care furnished. In addition, Uniformed Service members and civilian employees of the Government are generally prohibited by law and agency regulations and policies from participating in apparent or actual conflict of interest situations in which a potential for personal gain

exists or in which there is an appearance of impropriety or incompatibility with the performance of their official duties or responsibilities. The Departments of Defense, Health and Human Services, and Transportation have a responsibility, when disbursing appropriated funds in the payment of CHAMPUS benefits, to ensure that the laws and regulations are not violated. Therefore, active duty Uniformed Service members (including a reserve member while on active duty) and civilian employees of the United States Government shall not be authorized to be CHAMPUS providers. While individual employees of the Government may be able to demonstrate that the furnishing of care to CHAMPUS beneficiaries may not be incompatible with their official duties and responsibilities, the processing of millions of CHAMPUS **claims** each year does not enable Program administrators to efficiently review the status of the provider on each **claim** to ensure that no conflict of interest or dual compensation situation exists. The problem is further complicated given the numerous interagency agreements (for example, resource sharing arrangements between the Department of Defense and the Veterans Administration in the provision of health care) and other unique arrangements which exist at individual treatment facilities around the country. While an individual provider may be prevented from being an authorized CHAMPUS provider even though no conflict of interest or dual compensation situation exists, it is essential for **CHAMPUS** to have an easily administered, uniform rule which will ensure compliance with the existing laws and regulations. Therefore, a provider who is an active duty Uniformed Service member or civilian employee of the Government shall not be an authorized CHAMPUS provider. In addition, a provider shall certify on each CHAMPUS claim that he/she is not an active duty Uniformed Service member or civilian employee of the Government.

4. For-profit institutions excluded under the Program for the Handicapped (PFTH). 10 U.S.C. 1079(d)(4) (reference (a)) precludes payment of benefits under the PFTH for otherwise covered services and supplies provided by a for-profit institution (refer to Chapter 5 of this Regulation).

5. Utilization review and quality assurance. Providers approved as authorized CHAMPUS providers have certain **obligations** to provide services and supplies under **CHAMPUS** which are (i) furnished at the appropriate level and only when and to the extent medically necessary under the criteria of this Regulation; (ii) of a quality that meets professionally recognized standards of **health** care; and, (iii) supported by adequate medical documentation as may be reasonably required under this Regulation by the Director, **OCHAMPUS**, or a designee, to evidence the medical necessity and quality of services furnished, as well as the appropriateness of ~~the~~ level of care. Therefore, the authorization of CHAMPUS benefits is contingent upon the services and supplies furnished by any provider being subject to **pre-payment** or post-payment utilization and quality assurance review under professionally recognized standards, norms, and criteria, as well as any standards or criteria issued by the Director, **OCHAMPUS**, or a designee, pursuant to this Regulation. (Refer to Chapters 4, 5, and 7 of this Regulation.)

6. Exclusion of beneficiary liability. In connection with certain utilization review, quality assurance and **preauthorization** requirements of Chapter 4, providers may not hold patients liable for payment for certain services for which CHAMPUS payment is **disallowed**. With respect to such services, providers may not seek payment from the patient or the patient's family. Any such effort to seek payment is a basis for termination of the provider's authorized status.

7. Provider required. In order to **be** considered for benefits, all services and supplies shall **be** rendered by, prescribed by, or furnished at the direction of, or on the order of a CHAMPUS-authorized provider practicing within the scope of his or her license.

8. Participating provider. Under CHAMPUS, authorized professional providers and institutional providers other than hospitals have the option of participating on a claim-by-claim basis. Participation is required for inpatient claims only for hospitals which are Medicare-participating providers. Hospitals which are not Medicare-participating providers but which are subject to the CHAMPUS **DRG-based** payment system in subsection A.1. of Chapter 14 or the CHAMPUS **mental health** per diem payment system in subsection A.2. of Chapter 14 must sign agreements to participate on all CHAMPUS inpatient claims in order to be authorized providers under CHAMPUS. **All** other hospitals may elect to participate on a claim-by-claim basis. participating providers must indicate participation by signing the appropriate space on the applicable CHAMPUS claim form and submitting it to the appropriate CHAMPUS fiscal intermediary on behalf of the beneficiary. In the case of an institution or medical supplier, the claim must be signed by an official having such authority. This certifies that the provider has agreed to accept the **CHAMPUS-determined** allowable charge or cost as payment in **full** for the medical services and supplies listed on the specific claim form; and has agreed to accept the amount paid by CHAMPUS or the CHAMPUS payment combined with the cost-sharing and deductible amounts paid by, or on behalf of, the beneficiary as full payment for the covered medical services and supplies.

9. Limitation to authorized institutional provider designation. Authorized institutional provider status granted to a specific institutional provider applicant does not extend to any institution-affiliated provider, as defined in Chapter 2 of this Regulation, of that specific applicant.

10. Authorized provider. A hospital or institutional provider, physician, or other individual professional provider, or other provider of services or supplies specifically authorized ~~in~~**this** chapter to provide benefits under CHAMPUS. In addition, to be an authorized CHAMPUS provider, any hospital which is a CHAMPUS participating provider under Section A.7. of this chapter, shall be a participating provider for all care, services, or supplies furnished to an active duty member of the uniformed services for which the active duty member is entitled under title 10, United States Code, section 1074(c). As a participating provider for active duty members, the CHAMPUS authorized hospital shall provide such care, services, and supplies in accordance with the payment

rules of Chapter 16. The failure of any CHAMPUS participating hospital to be a participating provider for any active duty member subjects the hospital to termination of the hospital's status as a CHAMPUS authorized provider for failure to meet the qualifications established by this chapter,

B. INSTITUTIONAL PROVIDERS

1. General. Institutional providers are those providers who bill for services "in the name of an organizational entity (such as hospital and skilled nursing facility), rather than in the name of a person. The term "institutional provider" does not include professional corporations or associations qualifying as a domestic corporation under section 301.7701-5 of the Internal Revenue Service Regulations (reference (cc)), nor does it include other corporations that provide principally professional services. Institutional providers may provide medical services and supplies on either an inpatient or outpatient basis.

a. Preauthorization. The Director, OCHAMPUS, reserves the right to require preauthorization for admission to inpatient facilities. Refer to Chapter 4, subsection All., for information on preauthorization.

b. Billing practices.

(1) Each institutional billing, including those institutions subject to the **CHAMPUS DRG-based** reimbursement method or a CHAMPUS-determined all-inclusive rate reimbursement method, must be itemized fully and sufficiently descriptive for the CHAMPUS to make a determination of benefits.

(2) Institutional claims subject to the CHAMPUS DRG-based reimbursement method or a **CHAMPUS-determined** all-inclusive rate reimbursement method, may be submitted only after the beneficiary has been discharged or transferred from the institutional provider's facility or program.

(3) Institutional claims for Residential Treatment Centers and all other institutional providers, except those listed in subparagraph (2) above, should be submitted to the appropriate CHAMPUS fiscal intermediary at **least** every 30 days.

c. Medical records. Institutional providers must provide adequate contemporaneous clinical records to substantiate that specific care was actually furnished, was medically necessary, and appropriate, and to identify the individual(s) who provided the ~~care~~ care. The minimum requirements for medical record documentation are set forth by the following:

(1) The cognizant state licensing authority;

(2) The Joint Commission on Accreditation of Healthcare Organizations (JCAHO), or other health care accreditation organizations as may be appropriate;

(3) Standards of practice established by national medical organizations; and

(4) This Regulation.

2. Nondiscrimination policy. Except as provided below, payment may not be made for inpatient or outpatient care provided and billed by an institutional provider found by the Federal Government to practice discrimination in the admission of patients to its services on the basis of race, color, or national origin. Reimbursement may not be made to a beneficiary who pays for care provided by such a facility and submits a claim for reimbursement. In the following circumstances, the Secretary of Defense, or a designee, may authorize payment for care obtained in an ineligible facility:

a. Emergency care. Emergency inpatient or outpatient care.

b. Care rendered before finding of a violation. Care initiated before a finding of a violation and which continues after such violation when it is determined that a change in the treatment facility would be detrimental to the health of the patient, and the attending physician so certifies.

c. Other facility not available. Care provided in an ineligible facility because an eligible facility is not available within a reasonable distance.

3. Procedures for qualifying as a CHAMPUS-approved institutional provider. **General** and special **hospitals** otherwise meeting the qualifications outlined in paragraphs **B.4.a.**, **b.**, and **c.**, of this chapter are not required to request CHAMPUS approval formally.

a. JCAHO accreditation status. Each CHAMPUS fiscal intermediary shall keep informed as to the current **JCAHO** accreditation status of all hospitals and skilled nursing facilities in its area; and the provider's status under Medicare, particularly with regard to compliance with title VI of the Civil Rights Act of 1964 (42 **U.S.C. 2000d(1)**). The Director, **OCHAMPUS**, or a designee, shall specifically approve all other authorized institutional providers providing services to CHAMPUS beneficiaries. **At** the discretion of the Director, **OCHAMPUS**, any facility that is certified and participating as a provider of services under title **XVIII** of the Social Security Act (Medicare), may be deemed to meet CHAMPUS requirements. The facility must be providing a type and level of service that is authorized by this Regulation.

b. Required to comply with criteria. Facilities seeking CHAMPUS approval will be expected to comply with appropriate criteria set forth in subsection **B.4.** of this chapter. An onsite evaluation, either scheduled or unscheduled, may be conducted at the discretion of the Director, **OCHAMPUS**, or a designee. The final determination regarding approval, reapproval, or disapproval of a facility will be provided in writing to the facility and the appropriate CHAMPUS fiscal intermediary.

c. Notice of peer review rights. All health care facilities subject to the DRG-based payment system shall provide CHAMPUS beneficiaries, upon admission, with information about peer review including their appeal rights. The notices shall be in a form specified by the Director, OCHAMPUS.

d. Surveying of facilities. The surveying of newly established institutional providers and the periodic resurveying of all authorized institutional providers is a continuing process conducted by OCHAMPUS.

e. Institutions not in compliance with CHAMPUS standards. If a determination is made that an institution is not in compliance with one or more of the standards applicable to its specific category of institution, OCHAMPUS shall take immediate steps to bring about compliance or terminate the approval as an authorized institution in accordance with Chapter 9.F.2.

f. Participation agreements required for some hospitals which are not Medicare-participating. Notwithstanding the provisions of this paragraph B.3., a hospital which is subject to the CHAMPUS DRG-based payment system but which is not a Medicare-participating hospital must request and sign an agreement with OCHAMPUS. By signing the agreement, the hospital agrees to participate on all CHAMPUS inpatient claims and accept the requirements for a participating provider as contained in subsection A.7. of this chapter. Failure to sign such an agreement shall disqualify such hospital as a CHAMPUS-approved institutional provider.

4. Categories of institutional providers. The following categories of institutional providers may be reimbursed by CHAMPUS for services provided CHAMPUS beneficiaries subject to any and all definitions, conditions, limitations, and exclusions specified or enumerated in this Regulation.

a. Hospitals, acute care, general and special. An institution that provides inpatient services, that also may provide outpatient services (including clinical and ambulatory surgical services), and that:

(1) Is engaged primarily in providing to inpatients, by or under the supervision of physicians, diagnostic and therapeutic services for the medical or surgical diagnosis and treatment of illness, injury, or bodily malfunction (including maternity).

(2) Maintains clinical records on all inpatients (and outpatients if the facility operates an outpatient department or emergency room) .

(3) Has bylaws in effect with respect to its operations and medical staff.

(4) Has a requirement that every patient be under the care of a physician.

(5) Provides 24-hour nursing service rendered or supervised by a registered professional nurse, and has a licensed practical nurse or registered professional nurse on duty at all times.

(6) Has in effect a hospital utilization review plan that is operational and functioning.

(7) In the case of an institution in a state in which state or applicable local law provides for the licensing of hospitals, the hospital:

(a) Is licensed pursuant to such law, or

(b) Is approved by the agency of such state or locality responsible for licensing hospitals as meeting the standards established for such licensing.

(8) Has in effect an operating plan and budget.

(9) Is accredited by the JCAHO or meets such other requirements as the Secretary of Health and Human Services or the Secretary of Defense finds necessary in the interest of the health and safety of patients who are admitted to and furnished services in the institution.

b. Liver transplantation centers.

(1) CHAMPUS shall provide coverage for liver transplantation procedures performed only by experienced transplant surgeons at centers complying with the provisions outlined in paragraph B.4.a. of this section and meeting the following criteria:

(a) The center is a tertiary care facility affiliated with an academic **health** center. The center must have accredited programs in graduate medical education related to the function of liver transplantation such as internal medicine, pediatrics, surgery, and anesthesiology;

(b) The center has an active solid organ transplantation program (involving liver transplants as well as other organs);

(c) The transplantation center must have at least a 50 percent one-year survival rate for ten cases. At the time CHAMPUS approval is requested, the transplant center must provide evidence that at least ten liver transplants have been performed at the center and that at least 50 percent of those transplanted patients have survived one year following surgery. A 50 percent one-year **survival** rate for all subsequent liver transplantations must be maintained for continued CHAMPUS approval;

(d) The center has allocated sufficient operating room, recovery room, laboratory, and blood bank support and a sufficient number of intensive care and general surgical beds and specialized staff for these areas;

(e) The center participates in a donor procurement program and network;

(f) The center systematically collects and shares data on its transplant program;

(g) The center has an interdisciplinary body to determine the suitability of candidates for transplantation on an equitable basis;

(h) The transplantation surgeon is specifically trained for liver grafting and must assemble and train a team to function whenever a donor **liver** is available;

(i) The transplantation center must have on staff board eligible or board certified physicians and other experts in the field of hematology, pediatrics, infectious disease, **nephrology** with dialysis capability, pulmonary medicine with respiratory therapy support, pathology, immunology, and anesthesiology to complement a qualified transplantation team;

(j) The transplantation center has the assistance of appropriate microbiology, clinical chemistry, and radiology support;

(k) The transplantation center has **blood** bank support to accommodate normal demands and the transplant procedure; **and**

(l) The transplantation center includes the availability of psychiatric and **social** services support for patients and family.

(2) In order to receive approval as a CHAMPUS authorized liver transplant center, a center must submit a request to the Director, **OCHAMPUS**, or a designee. The CHAMPUS authorized liver transplant center shall agree to the following:

(a) Bill for all services and supplies related to the liver transplantation performed by its staff and bill also for services rendered by the donor hospital following declaration of brain death and after all existing legal requirements for excision of ~~the~~ donor organ have been met; and

(b) The center shall agree to submit all charges on the basis of **fully** itemized bills. This means that each service and supply and the charge for each is individually identified.

c. Heart transplantation centers.

(1) CHAMPUS shall provide coverage for heart transplantation procedures performed only by experienced transplant surgeons at centers complying with provisions outlined in paragraph B.4.a. of this section and meeting the following criteria:

(a) The center has experts in the fields of cardiology, cardiovascular surgery, anesthesiology, immunology, infectious disease, nursing, social services and organ procurement to complement the transplant team:

(b) The center has an active cardiovascular medical and surgical program as evidenced by a minimum of 500 cardiac catheterizations and coronary arteriograms and **250** open heart procedures per year;

(c) The center has an anesthesia team that is available at **all** times;

(d) The center has infectious disease services with both the professional skills and the laboratory resources that are needed to discover, identify, and manage a whole range of organisms;

(e) The center has a nursing service team trained in the hemodynamic support of the patient and in managing immunosuppressed patients;

(f) The center has pathology resources that are available for studying and reporting the pathological responses of transplantation;

(g) The center has **legal** counsel familiar with transplantation **laws** and regulations;

(h) The commitment of the transplant center must be at all levels and broadly evident throughout the facility;

(i) Responsible team members must be board certified or board eligible in their respective disciplines;

(j) Component teams must be integrated into a comprehensive transplant team with clearly defined leadership and responsibility;

(k) The center has adequate social service resources;

(l) The transplant center must comply with applicable State transplant **laws** and regulations;

(m) The transplant center must safeguard the rights and privacy of patients;

(n) The transplant center must have adequate patient management plans and protocols;

(o) The center participates in a donor procurement program and network;

(p) The center systematically collects and shares data on its transplant program;

(q) The **center** has an interdisciplinary body to determine the suitability of candidates for transplantation on **an** equitable basis;

(r) The center has extensive blood bank support;

(s) The center must have **an** established heart transplantation program with documented evidence of 12 or more heart transplants in each of the two consecutive preceding 12-month periods prior to application and 12 heart transplants prior to that; and

(t) The center must demonstrate actuarial survival rates of 73 percent for one year and 65 percent for two years for patients who have had heart transplants since January 1, 1982, at that facility.

(2) CHAMPUS approval will lapse if either the number of heart transplants falls below 8 in **12** months or if the one-year survival rate falls below 60 percent for a consecutive 24-month period.

(3) CHAMPUS-approval may also be extended for a heart transplant center that meets other certification or accreditation standards provided the standards are equivalent to or exceed the criteria listed above and have been approved by the Director, **OCHAMPUS**.

(4) In order to receive approval as a CHAMPUS heart transplant center, a facility must submit a request to the Director, **OCHAMPUS**, or a designee. The CHAMPUS-authorized heart transplant center shall agree to the following:

(a) Bill for all services and supplies related to the heart transplantation performed by its staff and bill also for services rendered by the **donor** hospital following declaration of brain death;

(b) Submit all **charges** on the basis of fully itemized bills. Each service and supply must be individually identified and the first **claim** submitted for the heart transplantation must include a **copy** of the admission history and physical examination; and

(c) Report any significant decrease in the experience level or survival rates and loss of key members of the transplant team to the Director, **OCHAMPUS**.

d. Hospital s, psychiatric. A psychiatric hospital is an institution which is engaged primarily in providing services to inpatients for the diagnosis and treatment of mental disorders.

(1) There are two major categories of psychiatric hospitals:

(a) The private psychiatric hospital category includes both proprietary and the not-for-profit nongovernmental institutions.

(b) The second category is those psychiatric hospitals that are controlled, financed, and operated by departments or agencies **of** the local, state, or Federal Government and always are operated on a not-for-profit basis.

(2) **In** order for the services of a psychiatric hospital to be covered, the hospital shall comply with the provisions outlined in paragraph **B.4.a.** of this chapter. All psychiatric hospitals shall be accredited under the **JCAHO** Accreditation Manual for Hospitals (**AMH**) standards in order for their services to be cost-shared under CHAMPUS. In the case of those psychiatric hospitals that are not **JCAHO-accredited** because they have not been in operation a sufficient period of time to be eligible to request an accreditation survey by the **JCAHO**, the Director, **OCHAMPUS**, or a designee, may grant temporary approval if the hospital is certified and participating under Title XVIII of the Social Security Act (Medicare, Part A). This temporary approval expires 12 months from the date on which the psychiatric hospital first becomes eligible to request an accreditation survey by the **JCAHO**.

(3) Factors to be considered in determining whether CHAMPUS will cost-share care provided **in** a psychiatric hospital include, but are not limited to, the following considerations:

(a) Is the prognosis of the patient such that care provided will lead to resolution or remission of the mental illness to the degree that the patient is of no danger to others, can perform routine daily activities, and can be expected to function reasonably outside the inpatient setting?

(b) Can the services being provided be provided more economically in another facility or **on** an outpatient basis?

(c) Are the **charges** reasonable?

(d) Is the care primarily custodial or domiciliary?
(Custodial or domiciliary care of the permanently mentally ill or retarded is not a benefit under the Basic Program.)

(4) Although psychiatric hospitals are accredited under JCAHO AMH standards, their medical records must be maintained in accordance with the JCAHO Consolidated Standard Manual for Child, Adolescent, and Adult Psychiatric, Alcoholism, and Drug Abuse Facilities and Facilities Serving the Mentally Retarded, along with the requirements set forth in Section 199.7(b)(3). The hospital is responsible for assuring that patient services and all treatment are accurately documented and completed in a timely manner.

e. Hospitals, long-term (tuberculosis, chronic care, or rehabilitation). To be considered a long-term hospital, an institution for patients that have tuberculosis or chronic diseases must be an institution (or distinct part of an institution) primarily engaged in providing by or under the supervision of a physician appropriate medical or surgical services for the diagnosis and active treatment of the illness or condition in which the institution specializes.

(1) In order for the service of long-term hospitals to **be** covered, the hospital must comply with the provisions outlined in paragraph **B.4.a.** of this chapter. In addition, in order for services provided by such hospitals to **be coverable** by CHAMPUS, they must be primarily for the treatment of the presenting illness.

(2) Custodial or domiciliary care is not **coverable** under CHAMPUS, even if rendered in an otherwise authorized long-term hospital.

(3) The controlling factor in determining whether a beneficiary's stay in a long-term hospital is **coverable** by CHAMPUS is the level of professional care, supervision, and skilled nursing care that the beneficiary requires," in addition to the diagnosis, type of condition, or degree **of** functional limitations. The type and level of medical services required or rendered is controlling for purposes of extending CHAMPUS benefits; not the type of provider or condition of the beneficiary.

f. Skilled nursing facility. A skilled nursing facility is an institution (or a distinct part of an institution) that is engaged primarily in providing to inpatients medically necessary skilled nursing care, which is other than a nursing home or intermediate **facility**, and which:

(1) Has policies that are developed with the advice of (and with provisions for review on a periodic basis by) a group of professionals, including one or more physicians and one or more registered nurses, to govern the skilled nursing care and related **medical** services it provides.

(2) Has a physician, a registered nurse, or a medical staff responsible for the execution **of** such policies.

(3) Has a requirement that the medical care of each patient must be under the supervision of a physician, and provides for having a physician available to furnish necessary medical care in case of an emergency.

(4) Maintains clinical records on all patients.

(5) Provides 24-hour skilled nursing service that is sufficient to meet nursing needs in accordance with the policies developed as provided in subparagraph **B.4.f.** (1), above, and has at least one registered professional nurse employed full-time.

(6) Provides appropriate methods and procedures for the dispensing and administering of drugs and biological.

(7) Has in effect a utilization review plan that is operational and functioning.

(8) In the case of an institution in a state in which state or applicable local law provides for the licensing of this type facility, the institution:

(a) Is licensed pursuant to such law, or

(b) Is approved by the agency of such state or locality responsible for licensing such institutions as meeting the standards established for such licensing.

(9) Has in effect an operating plan and budget.

(10) Meets such provisions of the most current edition of the Life Safety Code (reference (old)) as are applicable to nursing facilities; except that if the Secretary of Health and Human Services has waived, for such periods, as deemed appropriate, specific provisions of such code which, if rigidly applied, would result in unreasonable hardship upon a nursing facility.

g. Residential treatment centers. A residential treatment center (RTC) is a facility, or distinct part of a facility, that provides to children and adolescents under the **age of** 21, a total, 24-hour therapeutically planned group living and learning **situation** where distinct and individualized psychotherapeutic interventions **can take** place. Residential treatment is a specific level of care to be differentiated from acute, intermediate and long-term hospital care, where the least restrictive environment is maintained to allow for normalization of the patient's surroundings. The RTC must be both physically and **programmatically** distinct if it is a part or subunit of a larger treatment program. An RTC is organized and professionally staffed to provide residential treatment of mental disorders to children and adolescents who have sufficient intellectual potential to respond to active treatment (that is, for whom medical opinion or

medical evidence can reasonably conclude that treatment of the mental disorder will result in an improved ability to function outside the RTC), for whom outpatient, partial hospitalization or other level of inpatient treatment is not appropriate, and for whom a protected and structured environment is medically or psychologically necessary.

(1) In order **for** the services of an RTC to be authorized, the RTC shall:

(a) Be accredited by the Joint Commission on Accreditation of **Healthcare** Organizations under the Consolidated Standards Manual for Child, Adolescent, and Adult Psychiatric, Alcoholism, and Drug Abuse Facilities and Facilities Serving the Mentally Retarded;

(b) Comply with the CHAMPUS Standards for Residential Treatment Centers Serving Children and Adolescents with Mental Disorders, as issued by the Director, **OCHAMPUS**;

(c) Have entered into a Participation Agreement with **OCHAMPUS** within which the RTC agrees, in part, to:

1 Render residential treatment center inpatient services to eligible CHAMPUS **beneficiaries** in need of such services, in accordance with the participation agreement and the CHAMPUS regulation;

2 Accept payment. for its services based upon the methodology provided in Chapter 14, paragraph E, or such other method as determined by the Director, **OCHAMPUS**;

3 Accept the CHAMPUS all-inclusive per diem rate as payment in full and collect from the CHAMPUS beneficiary or the family of the CHAMPUS beneficiary only those amounts that represent the beneficiary's liability, as defined in Chapter 4, and charges for services and supplies that are not a benefit of CHAMPUS;

4 Make all reasonable efforts acceptable to the Director, **OCHAMPUS**, to collect those amounts which represent the beneficiary's liability, as defined in Chapter 4;

5 Comply with the provisions of Chapter 8, and submit claims first. to all health insurance coverage to which the beneficiary is entitled that is primary to CHAMPUS;

6 Submit claims for services provided to CHAMPUS beneficiaries at least **every** 30 days. If claims are not submitted at least every 30 days, the RTC agrees not to bill the beneficiary or the beneficiary's family any amounts disallowed by CHAMPUS;

7 Designate an individual who will act as liaison for CHAMPUS inquiries. The RTC shall inform **OCHAMPUS** in writing of the **designated** individual:

8 Furnish **OCHAMPUS** with cost data certified to by an independent accounting **firm** or other agency as authorized **by** the Director, **OCHAMPUS**;

9 Grant the Director, **OCHAMPUS**, or designee, the right to conduct quality assurance audits or accounting audits with full access to patients and records to determine the quality and cost-effectiveness of care rendered. The audits may be conducted on a scheduled or unscheduled (unannounced) basis. This right to **audit/review** includes, but is not limited to:

a Examination of fiscal and all other records of the RTC which would confirm **compliance** with the participation agreement and designation as an authorized CHAMPUS RTC provider;

b Conducting such audits of RTC records including clinical, financial, and census records, as may **be** necessary to determine the nature of the services being provided, and the basis for charges and claims against the United States for services provided CHAMPUS beneficiaries;

c Examining reports of evaluations and inspections conducted **by** federal, state **and** local government, and private agencies and organizations;

d Conducting on-site inspections of the facilities of the RTC and interviewing employees, members of the staff, contractors, board members, volunteers, and patients, as required;

e Audits conducted by the United States General Accounting Office.

(d) Be licensed and operational for a minimum period of six months.

(2) The RTC shall not be considered to be a CHAMPUS-authorized provider and **CHAMPUS** benefits shall not **be** paid for services provided **by** the RTC until **the** date the participation agreement is signed by the Director, **OCHAMPUS**, or a designee.

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(3) Even though an RTC may qualify as a CHAMPUS-authorized provider and may have entered into a participation agreement with CHAMPUS, payment by CHAMPUS for a particular admission is contingent upon certain conditions:

(a) The child seeking admission is suffering from a mental disorder which meets the diagnostic criteria of the DSM-III and meets the CHAMPUS definition of a mental disorder in Chapter 2.

(b) The child meets the criteria for admission to an RTC issued by the Director, **OCHAMPUS**.

(c) A psychiatrist or other physician or a clinical psychologist shall recommend that the child **be** admitted to the RTC.

(d) A psychiatrist or a clinical psychologist shall direct the development of the child's treatment plan.

(e) All services **shall** be provided by or under the supervision of a qualified **mental** health provider (refer to paragraph **C.3.i.** of Chapter 4).

(f) The child's admission to the RTC is authorized by CHAMPUS, or a designee.

(4) Under the terms of the participation agreement, RTCS must provide the following safeguards for continued benefit access and quality of care:

(a) Assure that any and all eligible beneficiaries receive care which complies with standards in paragraphs **B.4.g.** (1)(a) through (d) and **B.4.g. (3)**;

(b) Provide inpatient services to CHAMPUS beneficiaries in the same manner it provides inpatient services to all other patients;

(c) Not discriminate against CHAMPUS beneficiaries in any manner, including admission practices, placement in special or separate wings or rooms, or provisions of special or limited treatment.

(5) At a minimum, medical records will be maintained in accordance with the JCAHO Consolidated Standard Manual for Child, Adolescent, and **Adult** Psychiatric, Alcoholism, and Drug Abuse Facilities and Facilities Serving the Mentally Retarded, along with the requirements set forth in Section 199.7(b)(3). The residential treatment center is responsible for assuring that patient services and **all** treatment are accurately documented and completed in a timely manner.

h. Christian Science sanatoriums. The services obtained in Christian Science sanatoriums are covered by CHAMPUS as inpatient care. To qualify for coverage, the sanatorium either must be operated **by**, or be listed and certified by the First Church of Christ, Scientist.

i. Infirmaries. Infirmaries are facilities operated by student health departments of colleges and universities to provide inpatient or outpatient care to enrolled students. Charges for care provided by such facilities will not be cost-shared by CHAMPUS if the student would not be charged in the absence of CHAMPUS, or if student is covered by **a** mandatory student health insurance plan, in which enrollment is required as a part of the student's school registration and the charges **by** the college or university include a premium for the student health insurance coverage. CHAMPUS will cost-share only if enrollment in the student health program or health insurance plan is voluntary.

NOTE : An infirmary in a boarding school also may qualify under this provision, subject to review and approval by the Director, **OCHAMPUS**, or a designee.

j. Other STFS

(1) General

(a) Care provided by certain STFS (on either an inpatient or outpatient basis), other than those listed above, may be cost-shared by CHAMPUS under specified circumstances.

1 The course of treatment is prescribed by a doctor of medicine or osteopathy.

2 The patient is under the supervision of a physician during the entire course of the inpatient admission or the outpatient treatment.

3 The type and level of care and service rendered by the institution are otherwise authorized by this Regulation.

4 The facility meets all licensing or other certification requirements that are extant in the jurisdiction in which the facility is located geographically.

5 Is other than a nursing home, intermediate care facility, home for the aged, halfway house, or other similar institution.

6 Is accredited by the **JCAHO** or other CHAMPUS-approved accreditation organization, if an appropriate accreditation program for the given type of facility is available. As future accreditation programs are developed to cover emerging specialized treatment programs, such accreditation will be a prerequisite to coverage by CHAMPUS for services provided by such facilities.

(b) To ensure that CHAMPUS beneficiaries are provided quality care at a reasonable cost when treated by a STF, the Director, **OCHAMPUS**, or a designee, will retain the right to:

1 Require prior approval of all admissions to specialized inpatient treatment facilities.

2 Set appropriate standards for STFS in addition to or in the absence of **JCAHO** accreditation.

3 Monitor facility operations and treatment programs on a continuing basis and conduct onsite inspections on a scheduled and unscheduled basis.

4 Negotiate agreements of participation.

5 Terminate **approval** of a case when it is ascertained that a departure from the facts upon which the admission was based originally has occurred.

6 Declare an STF not eligible for CHAMPUS payment if that facility has been found to have engaged in fraudulent or deceptive practices.

(c) In general, the following disclaimers apply to treatment by STFS :

1 Just because one period or episode of treatment by a facility has been **covered** by CHAMPUS may not be construed to mean that **later** episodes of care by the same or similar facility will be covered automatically.

2 The fact that one case has been authorized for treatment by a specific facility or similar type of facility may not be construed to mean that similar cases or later periods of treatment will be extended CHAMPUS benefits automatically.

(2) Types of providers-. The following is a list of facilities that have been designated specifically as STFS.

(a) Free-standing ambulatory **surgical** centers. Care provided by freestanding ambulatory surgical centers may be cost-shared by CHAMPUS under the following circumstances:

1 The treatment is prescribed and supervised by a physician.

2 The type and **level** of care and services rendered by the center are otherwise authorized by this Regulation.

3 The center meets all licensing or other certification requirements of the jurisdiction in which the facility is located.

4 The center is accredited by the **JCAHO**, the Accreditation Association for Ambulatory Health Care, Inc. (**AAAHC**), or such other standards as authorized by the Director, **OCHAMPUS**.

5 A childbirth procedure provided by a CHAMPUS-approved free-standing ambulatory surgical center shall not be cost-shared by CHAMPUS unless the surgical center is also a **CHAMPUS-approved** birthing center institutional provider as established by the birthing center provider certification requirement of this Regulation.

(b) PFTH facilities. STFS also include facilities that seek approval to provide care authorized under the **PFTH**. (Refer to Chapter 5 of this Regulation.)

(c) Substance use disorder rehabilitation facilities. In order to be authorized under CHAMPUS as a provider of substance use detoxification, rehabilitative services, outpatient treatment, and family therapy, substance use rehabilitation facilities, both freestanding facilities and hospital-based facilities, shall operate primarily for the purpose of providing treatment of substance use disorders (on either an inpatient (including partial care) or an outpatient basis) and shall meet the following criteria:

1 The course of treatment shall be prescribed by and supervised by a qualified mental health provider (refer to Chapter 4, paragraph **C.3.i.**) practicing within the scope of his or her license. When indicated by the patient's physical status, the patient shall be under the general supervision of a physician.

2 The type and level of care provided by the facility are otherwise authorized by this Regulation.

3 The facility **shall** meet all licensing and other certification requirements of the jurisdiction in which the facility is located.

4 The facility shall be accredited by and shall remain in substantial compliance **with** standards issued by either the Joint Commission on Accreditation of **Healthcare** Organizations under the Consolidated Standards Manual, or the Commission Accreditation of Rehabilitation Facilities (**CARF**) or shall meet such other requirements as the Director, **OCHAMPUS**, finds necessary in the interest of the health and safety of the individuals who are furnished services in the facility.

5 The facility **shall** have entered into a participation agreement with **OCHAMPUS** within which the facility agrees, in part, to:

a Accept payment for its services based on an allowable-cost rate acceptable to the Director, **OCHAMPUS**, or such other method as determined by the Director, **OCHAMPUS**;

b Furnish **OCHAMPUS** with cost data certified to by an independent accounting firm or **other** agency as authorized by the Director, **OCHAMPUS**;

c Accept the CHAMPUS-determined rate as payment in full and to collect from the **CHAMPUS** beneficiary those amounts that represent the beneficiary's liability, as defined in Chapter 4, and charges for services and supplies that are not a benefit of CHAMPUS;

d Make all reasonable efforts acceptable to the Director, **OCHAMPUS**, to collect those amounts which represent the beneficiary's liability, as defined in Chapter 4;

e Permit access **by** the Director, **OCHAMPUS**, to clinical records **of** CHAMPUS beneficiaries and to the financial and organizational records of the facility;

f Comply with the provisions of Chapter 8, and **to** submit claims first to all health insurance coverage to which the beneficiary is entitled that is primary to **CHAMPUS**.

6 The substance use rehabilitation facility shall not be considered to be a **CHAMPUS-authorized** provider and CHAMPUS benefits shall not be paid for services provided **by** the substance use rehabilitation facility until the date the participation agreement **is** signed by the Director, **OCHAMPUS**, or a designee.

7 The substance use rehabilitation facility is not designated **by** the Health Care Financing Administration as an alcohol and drug abuse hospital for purposes of applicability of the Medicare prospective payment system.

8 At a minimum, medical records will be maintained in accordance with the **JCAHO** Consolidated Standard Manual for Child, Adolescent, and Adult Psychiatric, Alcoholism, and Drug Abuse Facilities and Facilities Serving the Mentally Retarded, along with the requirements set forth in Section 199.7(b)(3). The alcohol rehabilitation facility is responsible for assuring that patient services and all treatment are accurately documented and completed in a timely manner.

k. Birthing centers. A birthing center is a freestanding or **institution-affiliated** outpatient maternity care program which principally provides a planned course of outpatient prenatal care and outpatient childbirth service limited to low-risk pregnancies; excludes care for high-risk pregnancies; limits childbirth to the use of natural childbirth procedures; and provides immediate newborn care.

(1) Certification requirements. A birthing center **which** meets the following criteria may be designated as an authorized CHAMPUS institutional provider:

(a) The **predominant** type of service and level of care rendered by the center is otherwise authorized by this Regulation.

(b) The center is licensed to operate as a birthing center where such license is available, or is specifically licensed as a type of ambulatory health care facility where birthing center specific license is not available, and meets all applicable licensing or certification requirements that are extant in the state, county, municipality, or other political jurisdiction in which the center is located.

(c) The center is accredited by a nationally recognized accreditation organization whose standards and procedures have been determined to be acceptable by the Director, **OCHAMPUS**, or a designee.

(d) The center complies with the CHAMPUS birthing center standards set forth in this Chapter.

(e) The center has entered into a participation agreement with **OCHAMPUS** in which the center agrees, in part, to:

1 Participate in CHAMPUS and accept payment for maternity services based upon the reimbursement methodology for birthing centers;

2 Collect from the CHAMPUS beneficiary only those amounts that represent the beneficiary's liability under the participation agreement and the reimbursement methodology for birthing centers, and the amounts for services and supplies that are not a benefit of the CHAMPUS;

3 Permit access by the Director, **OCHAMPUS**, or a designee, to the clinical record of any CHAMPUS beneficiary, to the financial and organizational records of the center, and to reports of evaluations and inspections conducted by state or private agencies or organizations;

4 Submit claims first to all health benefit and insurance plans primary the CHAMPUS to which the beneficiary is entitled and to **comply** with the double coverage provisions of this Regulation.

5 Notify **OCHAMPUS** in writing within 7 days of the emergency transport of any CHAMPUS beneficiary from the center to an acute care hospital or of the death of any CHAMPUS beneficiary in the center.

(f) A birthing center shall not be a CHAMPUS-authorized institutional provider and CHAMPUS benefits shall not be paid for any service provided by a birthing center before the date the participation agreement is signed by the Director, **OCHAMPUS**, or a designee.

(2) CHAMPUS birthing center standards.

(a) Environment The center has a safe and sanitary environment, properly constructed, equipped, and maintained to protect health and safety and meets the applicable provisions of the "Life Safety Code" of the National Fire Protection Association.

(b) Policies and procedures. The center has written administrative, fiscal, personnel and clinical policies and procedures which collectively promote the provision of high-quality maternity care and childbirth services in an orderly, effective, and safe physical and organizational environment.

(c) Informed consent. Each CHAMPUS beneficiary admitted to the center will be informed in writing at the time of admission of the nature and scope of the center's program and of the possible risks associated with maternity care and childbirth in the center.

(d) Beneficiary care. Each woman admitted **will** be cared for by or under the direct supervision of a specific physician or a specific certified nurse-midwife who is otherwise eligible as a CHAMPUS individual professional provider.

(e) Medical direction. The center has written memoranda of understanding (MOU) for routine consultation and emergency care with an obstetrician-gynecologist who is certified or is eligible for certification by the American Board of Obstetrics and Gynecology or the American Osteopathic Board of Obstetrics and Gynecology and with a pediatrician who is certified or eligible for certification by the American Board of Pediatrics or **by** the American Osteopathic Board of Pediatrics, each of whom have admitting privileges to at least one back-up hospital. In lieu of a required MOU, the center may employ a physician with the required qualifications. Each MOU must be renewed annually.

(f) Admission and emergency care criteria and procedures. The center has written clinical criteria and administrative procedures, which are reviewed and approved annually by a physician related to the center as required by subparagraph (e) above, for the exclusion of a woman with a high-risk pregnancy from center care and for management of maternal and neonatal emergencies.

(g) Emergency treatment. The center has a written memorandum of understanding (MOU) with at least one backup hospital which documents that the hospital will accept and treat any woman or newborn transferred from the center who is in need of emergency obstetrical or neonatal medical care. In lieu of this MOU with a hospital, a birthing center may have an MOU with a physician, who otherwise meets the requirements as a CHAMPUS individual professional provider, and who has admitting privileges to a back-up hospital capable of providing care for critical maternal and neonatal patients as demonstrated by a letter from that hospital certifying the scope and expected duration of the admitting privileges granted by the hospital to the physician. The MOU must be renewed annually.

(h) Emergency medical transportation. The center has a written memorandum of understanding (MOU) with at least **one** ambulance service which documents that the ambulance service is routinely staffed by qualified personnel who are capable of the management of **critical** maternal and neonatal patients during transport and which specifies the estimated transport time to each backup hospital with which the center has arranged for emergency treatment as required in subparagraph (g) above. Each MOU must be renewed annually.

(i) Professional staff. The center's professional staff is legally and professionally qualified for the performance of their professional responsibilities .

(j) Medical records. The center maintains full and complete written documentation of the services rendered to each woman admitted and each newborn delivered. A copy of the informed consent document required by subparagraph (c), above, which contains the original signature of the CHAMPUS beneficiary, signed and dated at the time of admission, must be maintained in the medical record of each CHAMPUS beneficiary admitted.

(k) Quality assurance. The center has an organized program for quality assurance which includes, but is not limited to, written procedures for regularly scheduled evaluation of each type of service provided, of each mother or newborn transferred to a hospital, and of each death within the facility.

(l) Governance and administration. The center has a governing body legally responsible for overall operation and maintenance of the center and a full-time employee who has authority and responsibility for the day-to-day operation of the center.

C. INDIVIDUAL PROFESSIONAL PROVIDERS OF CARE

1. General. Individual professional providers of care are those providers who bill for their services on a fee-for-service basis and are not employed or contracted with by an institutional provider. This category also includes those individuals who have formed professional corporations or associations qualifying as a domestic corporation under section 301.7701-5 of the Internal Revenue Service Regulations (reference (cc)). Such individual professional providers must be licensed or certified by the local licensing or certifying agency for the jurisdiction in which the care is provided; or in the absence of state **licensure/certification**, be a member of or demonstrate eligibility for full clinical membership in, the appropriate national or professional certifying association that sets standards for the profession of which the provider is a member. Services provided must be in accordance with good medical practice and, prevailing standards of quality of care and within recognized utilization norms.

a. Licensing/Certification required, scope of license. Otherwise covered **services** shall be cost-shared only if **the** individual profession-a-1 provider holds a current, valid license or certification to practice his or her profession in the jurisdiction where the service is **rendered**. **Licensure/certification** must be at the full clinical practice level. The services provided must be within the scope of the license, certification or other legal authorization. Licensure or certification is required to be a CHAMPUS authorized provider if offered in the jurisdiction where the service is rendered, whether such **licensure** or certification is required by law or provided on a voluntary basis. The requirement also applies for those categories of providers that. would otherwise be exempt by the state because the provider is working in a non-profit, state-owned or church setting. **Licensure/certification** is mandatory for a provider to become a CHAMPUS-authorized provider.

b. Monitoring required. The Director, **OCHAMPUS**, or a designee, shall develop appropriate monitoring programs and issue guidelines, criteria, or norms necessary to ensure that CHAMPUS expenditures are limited to necessary medical supplies and services at the most reasonable cost to the government and beneficiary. The Director, **OCHAMPUS**, or a designee, **also** will take such steps as necessary to deter overutilization of services.

c. Christian Science. Christian Science practitioners and Christian Science nurses are authorized to provide services under CHAMPUS. Inasmuch as they provide services of an **extramedical** nature, the general criteria outlined above do not apply to Christian Science services (refer to subparagraph **C.3.d.** (2), below, regarding services of Christian Science practitioners and nurses).

d. Physician referral and supervision. Physician referral and supervision is required for the services of paramedical providers as listed in subparagraph **C.3.c.8.** and for marriage and family counselors, pastoral counselors, and **mental** health counselors. Physician referral means that the physician must actually see the patient, perform an evaluation, and arrive at an initial diagnostic impression prior to referring the patient. Documentation is required of the physician's examination, diagnostic impression, and referral. Physician supervision means that the physician provides overall medical management of the case. The physician does not have to be physically located on the premises of the provider to whom the referral is made. Communication back to the referring physician is an indication of medical management.

e. Medical records: Individual professional providers must maintain adequate clinical records to substantiate that specific care was actually furnished, was medically necessary, and appropriate, and **identify(ies) the** individual(s) who provided the care. This applies whether the care is inpatient or outpatient. The minimum requirements for medical record documentation are set forth by the following:

- (1) The cognizant state licensing authority;
- (2) The Joint Commission on Accreditation of **Healthcare** Organizations, or other health care accreditation organizations as may be appropriate;
- (3) Standards of practice established by national medical organizations; and
- (4) This **Regulation.**

2. Interns and residents. Interns and residents may not be paid directly by CHAMPUS for services **rendered** to a beneficiary when their services are provided as part of their employment (either salaried or contractual) by a hospital or other institutional provider.

3. Types of providers. Subject to the standards of participation provisions of this Regulation, the following individual professional providers of medical care are authorized to provide services to CHAMPUS beneficiaries:

a. Physicians

- (1) Doctors of Medicine (M.D.).
- (2) Doctors of Osteopathy (D.O.).

b. Dentists. Except for covered oral surgery as specified in section E. of Chapter 4 of this Regulation, **all** otherwise covered services rendered **by** dentists require preauthorization.

- (1) Doctors of Dental Medicine (D.M.D.).
- (2) Doctors of Dental Surgery (D.D.S.).

c. Other allied health professionals. The services of the following individual professional providers of care are **coverable** on a fee-for-service basis provided such services are otherwise authorized in this or other chapters of this Regulation.

(1) Clinical psychologist. For purposes of CHAMPUS, a clinical psychologist is an individual who is licensed or certified by the state for the independent practice of psychology and:

(a) Possesses a doctoral degree in psychology from a regionally accredited university; and

(b) Has had 2 years of supervised clinical experience in psychological health services of which at least 1 year is post-doctoral and 1 year (may be the post-doctoral year) is in an organized psychological health service training program; or

(c) As an alternative to (a) and (b) above, is listed in the National Register of Health Service Providers in Psychology (reference **(ee)**).

- (2) Doctors of Optometry.
- (3) Doctors of Podiatry or Surgical Chiropody.
- (4) Certified nurse midwives.

(a) A certified nurse midwife may provide covered care independent of physician referral and supervision, provided the nurse midwife is:

1 Licensed, when required, by the local licensing agency for the jurisdiction in which the care is provided; and

2 Certified by the American College of Nurse Midwives. To receive certification, a candidate must be a registered nurse who has completed successfully an educational program approved by the American College of Nurse Midwives, and passed the American **College** of Nurse Midwives National Certification Examination.

(b) The services of **a** registered nurse who is not a certified nurse midwife may be authorized only when the patient has been referred for care by a licensed physician and a licensed physician provides continuing supervision of the course of care. A lay midwife who **is** neither a certified nurse midwife nor a registered nurse is not a CHAMPUS-authorized provider, regardless of whether the services rendered may otherwise be covered.

(5) Certified nurse practitioner. Within the scope of applicable **licensure** or certification requirements, a certified nurse practitioner may provide covered care independent of physician referral and supervision, provided the nurse practitioner is:

(a) A licensed, registered nurse; and

(b) Specifically licensed or certified as a nurse practitioner by the state in which the care was provided, if the state offers such specific **licensure** or certification; or

(c) Certified as a nurse practitioner (certified nurse) by a professional organization offering certification in the speciality of practice, if the state does not offer specific licensure or certification for nurse practitioners.

(6) Certified Clinical Social Worker. A clinical social worker may provide covered services independent of physician referral and supervision, provided the clinical social worker:

(a) Is licensed or certified as a clinical social worker by the jurisdiction where practicing; or, if the jurisdiction does not provide for **licensure** or certification of clinical social workers, is certified by a national professional organization offering certification of clinical social workers; and

(b) Has at least ⁴ a master's degree in social work from a graduate school of social work accredited by the Council on Social Work Education; and

(c) Has had a minimum of 2 years or 3,000 hours of post master's degree supervised clinical social work practice under the supervision of a master's level social worker in an appropriate clinical setting, as determined by the Director, **OCHAMPUS**, or a designee.

NOTE : Patients' organic **medical** problems must receive appropriate concurrent management by **a** physician.

(7) Certified psychiatric nurse specialist. A certified psychiatric nurse specialist may provide covered care independent of physician referral and supervision. For purposes of CHAMPUS, a certified psychiatric nurse specialist is an individual who:

(a) Is a licensed, registered nurse; and

(b) Has at least a master's degree in nursing from a regionally accredited institution with a specialization in psychiatric and mental health nursing; and

(c) Has had at least 2 years of post-master's degree practice **in** the field of psychiatric and mental **health** nursing, including an average of 8 hours of direct patient contact per week; or

(d) Is listed in a CHAMPUS-recognized, professionally sanctioned listing of clinical specialists in psychiatric and mental health nursing.

(8) Certified physician assistant. A physician assistant may provide care under general supervision of a physician (see Chapter 14 **G.1.c.** for limitations on reimbursement). For purposes of CHAMPUS, a physician assistant must meet the applicable state requirements governing the qualifications of physician assistants and at least one of the following conditions:

(a) Is currently certified by the National Commission on Certification of Physician Assistants to assist primary care physicians, or

(b) Has satisfactorily completed a program for preparing physician assistants that:

1 Was at least 1 academic year in length;

2 Consisted of supervised clinical practice and at least 4 months (in the aggregate) of classroom instruction directed toward preparing students to deliver health care; and

3 Was accredited by the American Medical Association's Committee on Allied **Health** Education and Accreditation; or

(c) Has satisfactorily completed a formal educational program for preparing physician assistants that does not meet the requirements of subparagraph (1)(b) of this paragraph and had been assisting primary care physicians for a minimum of 12 months during the 18-month period immediately preceding January 1, 1987.

(9) Other individual paramedical providers. The services of the following individual professional providers of care to be considered for benefits on a **fee-for-service basis** may be provided **only** if the beneficiary is referred by a physician for the treatment of a medically-diagnosed condition and a physician must also provide continuing and ongoing oversight and supervision of the program or episode of treatment provided by these individual paramedical providers.

- (a) Licensed registered nurses.
- (b) Licensed practical or vocational nurses.
- (c) Licensed registered physical therapists.
- (d) Audiologists.
- (e) Speech therapists (speech pathologists).

d. Extramedical individual providers. **Extramedical** individual providers are those who do counseling or **nonmedical** therapy and whose training and therapeutic concepts are outside the medical field.

(1) Marriage and family counselors, pastoral counselors, and mental health counselors. The services of certain **extramedical** marriage and family counselors, pastoral counselors, and mental health counselors are **coverable** on a fee-for-service basis, under the following specified conditions:

(a) The CHAMPUS beneficiary must be referred for therapy by a physician.

(b) A physician is providing ongoing oversight and supervision of the therapy being provided.

(c) The marriage and family counselor, pastoral counselor, and mental health counselor must certify on each claim for reimbursement that a written communication has been made or **will be** made to the referring physician of the results of the treatment. Such communication will be made at the end of the treatment, or more frequently, as required by the referring physician (refer to chapter 7).

(d) Marriage and family counselors and pastoral counselors shall have the following:

1 Recognized graduate professional education with the minimum of an earned master's degree from a regionally accredited educational institution in an appropriate behavioral science field, mental health discipline.

2 The following experience:

a Either 200 hours of approved supervision in the practice of marriage and family counseling or pastoral counseling, ordinarily to be completed in a 2- to 3-year period, of which at least 100 hours must be in individual supervision. This supervision will occur preferably with more than one supervisor and should include a continuous process of supervision with at least three cases. and

b 1,000 hours of clinical experience in the practice of marriage and family counseling or pastoral counseling under approved supervision, involving at least 50 different cases; or

c 150 hours of approved supervision in the practice of psychotherapy, ordinarily to be completed in a 2- to 3-year period, of which at least 50 hours must be individual supervision; plus at least 50 hours of approved individual supervision in the practice of marriage and family counseling or pastoral counseling, ordinarily to be completed within a period of not less than 1 nor more than 2 years, and

d 750 hours of clinical experience in the practice of psychotherapy under approved supervision involving at least 30 cases; plus at least 250 hours of clinical practice in marriage and family counseling or **pastoral** counseling under approved supervision, involving at least 20 cases, and

(e) Mental health counselors shall have the following:

1 Minimum of a master's degree in mental health counseling or allied mental **health** field from a regionally accredited institution, and

2 Two years of post-master's experience which includes 3000 hours of clinical work and 100 hours of face-to-face supervision.

(f) These providers must also be licensed or certified to practice as a marriage and family counselor, pastoral counselor or mental health counselor by the jurisdiction where practicing. If specific **licensure** is not available in the state, then **licensure** under general provisions, where available, is required. If the jurisdiction does not provide for **licensure** or certification either in a specific or general counselor category, the provider must be certified by or eligible for **full** clinical membership in the appropriate national professional association that sets standards for the specific profession.

(g) Grace period for counselors in states where **licensure/certification** is optional. CHAMPUS is providing a grace period for those counselors who did not obtain optional **licensure/certification** in their jurisdiction, not realizing it was a CHAMPUS requirement for authorization. The exemption by state law for pastoral counselors may have misled this group into thinking **licensure** was not required. The same situation may have occurred with the other counselor categories where **licensure** was either not mandated by the state or was provided under a more general category such as "professional counselors." This grace period only pertains to the **licensure/certification** requirement, applies only to counselors who are already approved as of October 29, 1990, and only in those areas where the **licensure/certification** is optional. Any counselor who is not licensed/certified in the state in which he/she is practicing by August 1, 1991, **will** be terminated under the provisions of Chapter 9 of this Regulation. This grace period does not change any of the other existing requirements which remain in effect. During this grace period, membership or proof of eligibility for full clinical membership in a recognized professional association is required for those counselors who are not licensed or certified by the state. The following organizations are recognized for counselors at the level indicated: full clinical member of the American Association of Marriage and Family Counselors; membership at the fellow or **diplomate** level of the American Association of Pastoral Counselors; and membership in the National Academy of Certified Clinical Mental Health Counselors. Acceptable proof of eligibility for membership is a letter from the appropriate certifying organization. This opportunity for delayed **certification/licensure** is limited to the counselor category only as the language in all of the other provider categories has been consistent and unmodified from the time each of the other provider categories were added. The grace period does not apply in those states where **licensure** is mandatory.

(2) Christian Science practitioners and Christian Science nurses. CHAMPUS cost shares the services of Christian Science practitioners and nurses. In order to bill as such, practitioners or nurses must be listed or be eligible for listing in the Christian Science Journal at the time the service is provided.

D. OTHER PROVIDERS

Certain medical supplies and services of an ancillary or supplemental nature are **coverable** by CHAMPUS, subject to certain controls. This category of provider includes the following:

1. Independent laboratory. Laboratory services of independent laboratories may be cost-shared if the laboratory is approved for participation under Medicare and certified by the Medicare Bureau, Health Care Financing Administration.

2. Suppliers of portable x-ray services. Such suppliers must meet the conditions of coverage of the Medicare program, set forth in the Medicare regulations (reference (h)), or the Medicaid program in that state in which the covered service is provided.

3. Pharmacies. Pharmacies must meet the applicable requirements of state law in the state in which the pharmacy is located.

4. Ambulance companies. Such companies must meet the requirements of state and local laws in the jurisdiction in which the ambulance firm is licensed.

5. Medical equipment firms, medical supply firms. As determined by the Director, OCHAMPUS, or a designee.

E. IMPLEMENTING INSTRUCTIONS

The Director, **OCHAMPUS**, or a designee, shall issue CHAMPUS policies, instructions, procedures, and guidelines, as may be necessary to implement the intent of this chapter.

F., EXCLUSION

Regardless of any provision in this chapter, a provider who is suspended, excluded, or terminated under Chapter 9 of this Regulation is specifically excluded as an authorized CHAMPUS provider.

CHAPTER /

CLAIMS SUBMISSION, REVIEW, AND PAYMENT

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CHAPTER 7
CLAIMS SUBMISSION, REVIEW, AND PAYMENT

A. GENERAL

The Director, **OCHAMPUS**, or a designee, is responsible for ensuring that benefits under CHAMPUS are paid only **to** the extent described in this Regulation. Before benefits can be paid, an appropriate claim must be submitted that includes sufficient information as to beneficiary identification, the medical services and supplies provided, and double coverage information, to permit proper, accurate, and timely adjudication of the **claim** by the CHAMPUS contractor **or OCHAMPUS**. Providers must be able to document that the care or service shown on the claim was rendered. This section sets forth minimum medical record requirements for verification of services. Subject to such definitions, conditions, limitations, exclusions, and requirements as may be set forth in this Regulation, the following are the CHAMPUS claim filing requirements:

1. CHAMPUS identification card required. A patient **shall** present his or her applicable CHAMPUS identification card (that is, Uniformed Services **identi-**
fication card) **to** the authorized provider of care that identifies the patient as an eligible CHAMPUS beneficiary (refer to Chapter 3 of this Regulation).

2. Claim required. No benefit may be extended under the Basic Program or PFTH without the submission of a complete and properly executed appropriate claim form.

3. Responsibility for perfecting claim. It is the responsibility of the CHAMPUS beneficiary or sponsor or the authorized provider acting **on** behalf of the CHAMPUS beneficiary to perfect a claim for submission to the appropriate CHAMPUS fiscal intermediary. Neither a CHAMPUS fiscal intermediary **nor** OCHAMPUS is authorized to prepare a claim on behalf of a CHAMPUS beneficiary.

4. Obtaining appropriate claim form. CHAMPUS provides specific CHAMPUS forms appropriate for making a claim for benefits for various types **of** medical services and supplies (such as hospital, physician, or prescription drugs). Claim forms may **be** obtained from the appropriate CHAMPUS fiscal intermediary who processes claims for the beneficiary's state of residence, from the Director, OCHAMPUS, or a designee, or from CHAMPUS health benefits advisors (**HBAs**) located at all Uniformed Services medical facilities.

5. Prepayment not required. **A** CHAMPUS beneficiary or sponsor is not required to pay for the medical services or supplies before submitting a claim for benefits.

6. Deductible certificate. If the fiscal year outpatient deductible has been met **by** a beneficiary (\$50) or a family (\$100 aggregate) through the submission of a claim or claims to a CHAMPUS fiscal intermediary in a geographic location different from the location where a current claim is being submitted,

the beneficiary or sponsor must obtain a deductible certificate from the CHAMPUS **fiscal** intermediary where the applicable individual or family fiscal year deductible was met. Such deductible certificate must be attached to the current claim being submitted for benefits. Failure to obtain a deductible certificate under such circumstances will result in a second individual or family fiscal year deductible being applied. However, this second deductible may **be** reimbursed once appropriate documentation, as described in this subsection A.6., is supplied to the CHAMPUS fiscal intermediary applying the second deductible (refer to section F. of Chapter 4 of this Regulation).

7. Nonavailability Statement (DD Form 1251). In some geographic locations or under certain circumstances, it is necessary for a CHAMPUS beneficiary to determine whether the required medical care can be provided through a Uniformed Services facility. If the required medical care cannot be provided by the Uniformed Services facility, a **Nonavailability** Statement will be issued. When required (except for emergencies), this Nonavailability Statement must be issued before medical care is obtained from civilian sources. Failure to secure such a statement will waive the beneficiary's rights to benefits under CHAMPUS, subject to appeal to the appropriate hospital commander (or higher medical authority).

a. Rules applicable to issuance of Nonavailability Statement. The ASD(HA) has issued DoD Instruction 6015.19 (reference (gg)) that contains rules for the issuance of Nonavailability Statements. Such rules may change depending on the current situations.

b. Beneficiary responsibility. The beneficiary shall ascertain whether or **not** he or she resides in a geographic area that requires obtaining a **Nonavailability** Statement. Information concerning current rules may be obtained from the CHAMPUS fiscal intermediary concerned, a CHAMPUS HBA or the Director, OCHAMPUS, or a designee.

c. Rules in effect at time civilian care is provided apply. The applicable rules regarding **Nonavailability** Statements in effect at the time the civilian care is rendered apply in determining whether a Nonavailability Statement is required.

d. Nonavailability Statement must be filed with applicable claim. When a claim is submitted for CHAMPUS benefits **that** includes services **for** which a Nonavailability Statement is required, such statement must be submitted along with the claim **form**.

B. INFORMATION REQUIRED TO ADJUDICATE A CHAMPUS CLAIM

Claims received that are not completed fully and that do not provide the following minimum information may be returned. If enough space is not **available** on the appropriate claim form, the required information must be attached **separately** and include the patient's name and address, be dated, and signed.

1. Patient's identification information. The following patient **identification** information must **be** completed **on** every CHAMPUS claim form submitted for benefits before a claim will be **adjudicated** and processed:

- a. Patient's full name.
- b. Patient's residence address.
- c. Patient's date of birth.
- d. Patient's relationship to sponsor.

NOTE : If name of patient is different from sponsor, explain (for example, stepchild or illegitimate child).

- e. Patient's identification number (from DD Form 1173).
- f. Patient's identification card effective date and expiration date (from DD Form 1173).
- g. Sponsor's full name.
- h. Sponsor's service or social security number.
- i. Sponsor's grade .
- j. Sponsor's organization and duty station. Home port for ships; home address for retiree.
- k. Sponsor's branch of service or deceased or retiree's former branch of service.

- 1. Sponsor's current status. Active duty, retired, or deceased.

2. Patient treatment information. The following patient treatment information routinely is required relative to the medical services and supplies for which **a** claim for benefits is being made before **a claim will** be adjudicated and processed:

- a. Diagnosis. All **applicable** diagnoses are required; standard nomenclature is acceptable. In the absence of a diagnosis, a narrative description of the definitive set of symptoms for which the medical care was rendered must be provided.
- b. Source of care. Full name of source of care (such as hospital or physician) providing the specific medical services being claimed.

c. Full address of source of care. This address must be where the care actually was provided, not a billing address.

d. Attending physician. Name of attending physician (or other authorized individual professional provider).

e. Referring physician. Name and address of ordering, prescribing, or referring physician.

f. Status of patient. Status of patient at the time the medical services and supplies were rendered (that is, inpatient or outpatient).

g. Dates of service. Specific and inclusive dates of service.

h. Inpatient stay. Source and dates of related inpatient stay (if applicable) .

i. Physicians or other authorized individual professional providers. The claims must give the name of the individual actually rendering the care, along with the individual's professional status (e.g., M.D., Ph.D., R.N., etc.) and provider number, if the individual signing the claim is not the provider who actually rendered the service. The following information must also be included:

(1) Date each service was rendered.

(2) Procedure code or narrative description of each procedure or service for each date of service.

(3) Individual charge for each item of service or each supply for each date.

(4) Detailed description of any unusual complicating circumstances related to the medical care provided that the physician or other individual professional provider may choose to submit separately.

j. Hospitals or other authorized institutional providers. For care provided by hospitals (or other authorized institutional providers), the following information **also** must be provided before a claim will be adjudicated and processed:

(1) An itemized billing showing each item of service or supply provided for each day **covered** by the claim.

NOTE : The Director, OCHAMPUS, or a designee, may approve, in writing, an alternate billing procedure for RTCS or other special institutions, in which case the itemized billing requirement may be waived. The particular facility **will** be aware of such approved alternate billing procedure.

(2) Any absences from a hospital or other authorized institution during a period **for** which inpatient benefits are being claimed must be identified specifically as **to** date or **dates** and **provide** details on the purpose **of** the absence. Failure to provide such information will result **in** denial of benefits and, in an ongoing case, termination of benefits for the inpatient stay at least back to the date of the absence.

(3) For hospitals subject to the CHAMPUS DRG-based payment system (see subparagraph **A.1.b.** (4) of Chapter 14), the following information is also required:

(a) The principal diagnosis (the diagnosis established, after study, to **be** chiefly responsible for causing the patient's admission to the hospital).

(b) All secondary diagnoses.

(c) All procedures performed.

(d) The discharge status of the beneficiary.

(e) The hospital's Medicare provider number.

(f) The source of the admission.

(4) Claims submitted by hospitals (or other authorized institutional providers) must include the name of the individual actually rendering **the** care, along with the individual's professional status (e.g., M.D., Ph.D., R.N., etc.).

k. **Prescription** drugs and medicines (and **insulin**). For pre-prescription drugs and medicines (and insulin, whether or **not** a prescription is required) receipted bills must be attached and the following additional information provided:

(1) Name of drug.

NOTE : When the physician or pharmacist so requests, the name of the drug may be submitted to the CHAMPUS **fiscal** intermediary directly by the physician or pharmacist.

(2) Strength of **drug**.

(3) Name and address of pharmacy where drug was purchased.

(4) Prescription number of drug being claimed.

1. Other authorized providers. For items from other authorized providers (such as **medical supplies**), an explanation as to the medical need must **be** attached to the appropriate claim form. For purchases of durable equipment under the PFTH, it is necessary also to attach a copy of the **pre-**authorization.

m. Nonparticipating providers. When the beneficiary or sponsor submits the **claim** to the CHAMPUS fiscal intermediary (that is, the provider elects not to participate), an itemized **bill** from the provider to the beneficiary **or** sponsor must be attached to the CHAMPUS claim form.

3. Medical records/medical documentation. Medical records are of vital importance in the care and **treatment** of the patient. Medical records serve as a basis for planning of patient care and for the ongoing evaluation of the patient's treatment and progress. Accurate and timely completion of orders, notes, **etc.**, enable different members of a health care team and subsequent health care providers to have access to relevant data concerning the patient. Appropriate medical records must be maintained in order to accommodate utilization review and to substantiate that billed services were actually rendered.

a. All care rendered and billed must **be** appropriately documented in writing. Failure to document the care billed will result in the claim or specific services on the claim being denied CHAMPUS cost-sharing.

b. A pattern of failure to adequately document medical care will result in episodes of care being denied CHAMPUS cost-sharing.

c. Cursory notes of a generalized nature that do not identify the specific treatment and the patient's response to the treatment are not acceptable.

d. The documentation of medical records must be legible and prepared as soon as possible after the care is rendered. Entries should **be** made when the treatment described is given or the observations to be documented are made. The following are documentation requirements and specific time frames for entry into the medical records:

(1) General requirements for acute medical/surgical services:

(a) Admission evaluation report within 24 hours of admission.

(b) Completed **h~~i~~story** and physical examination report within 72 hours of admission.

(c) Registered nursing notes at the end of each shift.

(cl) Daily physician notes.

(2) Requirements specific to mental health services:

(a) Psychiatric admission evaluation report within 24 hours of admission.

(b) History and physical examination within 24 hours of admission; complete report documented within 72 hours for acute and residential programs and within 3 working days for partial programs.

(c) Individual and family therapy notes within 24 hours of procedure for acute, detoxification and Residential Treatment Center (**RTC**) programs and within 48 hours for partial programs.

(d) Preliminary treatment plan within 24 hours of admission.

(e) Master treatment plan within 72 hours of admission for acute care, 10 days for RTC care, 7 days for full-day partial programs and within 5 days for half-day partial programs.

(f) **Family** assessment report **within 72 hours of admission** for acute care and 7 days for RTC and partial programs.

(g) **Nursing assessment report** within 24 hours of admission.

(h) Nursing notes at the end of each shift for acute and detoxification programs; every ten visits for partial hospitalization; and at least once a week for RTCS.

(i) **Daily physician notes for** intensive treatment, detoxification, and rapid stabilization programs; twice per week for acute programs; and once per week for RTC and partial programs.

(j) **Group** therapy notes once per week.

(k) Ancillary service notes once per week.

NOTE : A pattern of failure to meet the above criteria may result in provider sanctions prescribed under Chapter 9 of the Regulation.

4. Double coverage information. When the CHAMPUS beneficiary is eligible for medical benefits coverage through another plan, insurance, or program, either private or Government, the following information must be provided:

a. Name of other coverage. Full name and address of double coverage plan, insurance, or program (such as Blue Cross, Medicare, commercial insurance, and state program) .

b. Source of double coverage. Source of double coverage (such as employment, including retirement, private purchase, membership in a group, and law) .

c. Employer information. If source of double coverage is employment, give name and address of employer.

d. Identification number. Identification number or group number of other coverage.

5. Right to additional information

a. As a condition precedent to the cost-sharing of benefits under this Regulation or pursuant to a review or audit, whether the review or audit is prospective, concurrent, or retroactive, **OCHAMPUS** or CHAMPUS contractors may request, and **shall** be entitled to receive, information from a physician or hospital or other person, institution, or organization (including a local, state, or Federal Government agency) providing services or supplies to the beneficiary for whom claims or requests for approval for benefits are submitted. Such information and records may relate to the attendance, testing, monitoring, examination, diagnosis, treatment, or services and supplies furnished to a beneficiary and, as such, shall be necessary for the accurate and efficient administration of CHAMPUS benefits. This may include requests for copies of all medical records or documentation related to the episode of care. In addition, before a determination on a request for preauthorization or claim of benefits is made, a beneficiary, or sponsor, **shall** provide additional information relevant to the requested determination, when necessary. The recipient of such information shall hold such records confidential except when:

(1) Disclosure of such information is authorized specifically by the beneficiary;

(2) Disclosure is necessary to permit authorized governmental officials to investigate and prosecute criminal actions; or

(3) Disclosure is authorized or required specifically under the terms of DoD Directives 5400.7 and 5400.11, the Freedom of Information Act, and the Privacy Act (references (i), (j), and (k)) (refer to section M. of Chapter 1 of this Regulation).

b. For the purposes of determining the applicability of and implementing the provisions of Chapters 8 and 9, or any provision of similar purpose of any other medical benefits coverage or entitlement, **OCHAMPUS** or CHAMPUS fiscal intermediaries, without consent or notice to any beneficiary or sponsor, may release to or **obtain** from any insurance company or other organization, governmental agency, provider, or person, any information with respect to any beneficiary when such release constitutes a routine use duly published in the Federal Register in accordance with the Privacy Act.

c. Before a beneficiary's claim of benefits is adjudicated, the beneficiary or the provider(s) must furnish to CHAMPUS that information which is necessary to make the benefit determination. Failure to provide the requested

information will result in denial of the claim. A beneficiary, by submitting a CHAMPUS claim(s) (either a participating or nonparticipating claim), is deemed to have given consent to the release of any and **all** medical records or documentation pertaining to the claims and the episode of care.

c. SIGNATURE ON CHAMPUS CLAIM FORM

1. Beneficiary signature. CHAMPUS claim forms must be signed by the beneficiary except under **the conditions** identified in paragraph C.1.e., below. The parent or guardian may sign for any beneficiary under 18 years.

a. Certification of identity. This signature certifies that the patient **identification** information provided is correct.

b. Certification of medical care provided. This signature certifies that the specific medical care for **which benefits** are being claimed actually were rendered to the beneficiary on the dates indicated.

c. Authorization to obtain or release information. Before requesting additional information necessary to process a claim or **releasing** medical **in-**formation, the signature of the beneficiary who is 18 years old or older must be recorded on or obtained on the CHAMPUS claim form or on a separate release form. The signature of the beneficiary, parent, or guardian will be requested when the beneficiary is under 18 years.

NOTE : If the care was rendered to a minor and a custodial parent or legal guardian requests information **prior to the** minor turning 18 years of age, medical records may still be released pursuant to the signature of the parent **or** guardian, and claims information may still **be** released to the parent or guardian in response to the request, even though the beneficiary has turned 18 between the time of the request and the response. However, any follow-up request or subsequent request from the parent or guardian, after the beneficiary turns 18 years of age, will necessitate the authorization of the beneficiary (or **the** beneficiary's legal guardian as appointed by a cognizant court), before records and information can be released to the parent or guardian.

d. Certification of accuracy and authorization to release double coverage information. This signature certifies **to** the accuracy **of** the double coverage information and authorizes the release of any information related to double coverage. (Refer to **Chapter 8** of this Regulation.)

e. Exceptions to beneficiary signature requirement}

(1) Except. as required by paragraph C.1.c., above, the signature of a spouse, parent, or guardian will be accepted on a claim submitted for a beneficiary who is 18 years old or older.

(2) When the institutional provider obtains the signature of the beneficiary (or the signature of the parent or guardian when the beneficiary is under 18 years) on a CHAMPUS claim form at admission, the following participating claims may be submitted without the beneficiary's signature.

(a) Claims for laboratory and diagnostic tests and test interpretations from radiologists, pathologists, neurologists, and cardiologists.

(b) Claims from anesthesiologists.

(3) Claims filed by providers using CHAMPUS-approved signature-on-file and claims submission procedures.

2. Provider's signature. A participating provider (see subsection A.8. of Chapter 6) is required to sign the CHAMPUS **claim** form.

a. Certification. A participating provider's signature on a CHAMPUS claim form:

(1) Certifies that the specific medical care listed on the claim form was, in fact, rendered to the specific beneficiary for which benefits are being claimed, on the specific date or dates indicated, at the level indicated and by the provider signing the claim unless the claim otherwise indicates another individual provided the care. For example, if the **claim** is signed by a psychiatrist and the care billed was rendered by a psychologist or licensed social worker, the claim must indicate both the name and profession of **the** individual who rendered the care.

(2) Certifies that the provider has agreed to participate (providing this agreement has been indicated on the claim form) and that the CHAMPUS-determined allowable charge or cost will constitute the full charge or cost for the medical care listed on the specific claim form; and further agrees to accept the amount paid by CHAMPUS or the CHAMPUS payment combined with the cost-shared amount paid by, or on behalf of the beneficiary, as full payment for the covered medical services or supplies.

(a) Thus, neither CHAMPUS nor the sponsor is responsible for any additional charges, whether or not the CHAMPUS-determined charge or cost is less than the billed amount.

(b) Any **provider who** signs and submits a CHAMPUS claim form and then violates this agreement by billing the beneficiary or sponsor for any difference between the **CHAMPUS-determined** charge or cost and the amount billed is acting in bad faith and is subject to penalties including withdrawal of CHAMPUS approval as a CHAMPUS provider by administrative action of the Director, OCHAMPUS, or a designee, and possible legal action on the part of CHAMPUS, either directly or as a part of a beneficiary action, to recover monies improperly obtained from CHAMPUS beneficiaries or sponsors (refer to Chapter 6 of this Regulation).

b. Physician or other authorized individual professional provider. A physician or other authorized individual professional provider is liable for any signature submitted on his or her behalf. Further, a facsimile signature is not acceptable unless such facsimile signature is on file with, and has been authorized specifically by, the CHAMPUS fiscal intermediary serving the state **where** the physician or other authorized individual professional provider practices.

c. Hospital or other authorized institutional provider. The provider signature on a claim form for institutional services must be that of an authorized representative of the hospital or other authorized institutional provider, whose signature is on file with and approved by the appropriate CHAMPUS fiscal intermediary.

D. CLAIMS FILING DEADLINE

To be considered for benefits, all claims submitted under CHAMPUS must be filed with the appropriate CHAMPUS fiscal intermediary no later than December 31 of the calendar year immediately following the one in which the covered service or supply was rendered. Failure to file a claim timely waives automatically all rights to any benefits for such services or supplies provided during the period affected by the claims filing deadline.

1. Claims returned for additional information. When a claim initially is submitted within the claims filing time limit, but is returned in whole or in part for additional information to be considered for benefits, the returned **claim**, along with the requested information, must be resubmitted and received by the appropriate CHAMPUS fiscal intermediary no later than the applicable December 31 deadline or 90 days from the date the claim was returned to the beneficiary, whichever is later.

2. Exception to claims filing deadline. The Director, **OCHAMPUS**, or a designee, may grant exceptions to the claims filing deadline requirements.

a. Types of exception

(1) Retroactive eligibility. Retroactive CHAMPUS eligibility determinations .

(2) Administrative error. Administrative error (that is, misrepresentation, mistake, or **other** accountable action) of an officer or employee of **OCHAMPUS** (including **OCHAMPUSEUR**) or a CHAMPUS fiscal intermediary, performing functions under CHAMPUS and acting within the scope of that official's authority.

(3) Mental incompetency. Mental incompetency of the beneficiary or guardian or sponsor, in the case of a minor child (which includes inability to communicate, even if it is the result of a physical disability).

(4) Provider billings. Direct billings by participating providers.

(5) Delays by other health insurance. When not attributable to the beneficiary, delays in adjudication by other health insurance companies when double coverage coordination is required before the CHAMPUS benefit determination.

b. Request for exception to claims filing deadline. Beneficiaries who wish to request an exception to the claims filing deadline may submit such a request to the CHAMPUS fiscal intermediary having jurisdiction over the location in which the service was rendered, or as otherwise designated by the Director, **OCHAMPUS**.

(1) Such requests for an exception must include a complete explanation of the circumstances of the late filing, together with all available documentation supporting the request, and the specific claim denied for late filing.

(2) Each request for an exception to the claims filing deadline is reviewed individually and considered on its own merits.

E. OTHER CLAIMS FILING REQUIREMENTS

Notwithstanding the claims filing deadline described in section D. of this chapter, to lessen any potential adverse impact on a CHAMPUS beneficiary or sponsor that could result from a retroactive denial, the following **additional claims filing procedures are recommended or** required.

1. Continuing care. Except for claims subject to the CHAMPUS DRG-based payment system, whenever medical services and supplies are being rendered on a continuing basis, an appropriate claim or claims should be submitted every 30 days (monthly) whether submitted directly by the beneficiary or sponsor or by the provider on behalf of the beneficiary. Such claims may be submitted more frequently if the beneficiary or provider so elects. The Director, **OCHAMPUS**, or a designee, also may require more frequent claims submission based on dollars. Examples of care that may be rendered on a continuing basis are outpatient physical therapy, private duty (special) nursing, or inpatient stays. For claims subject to the CHAMPUS **DRG-based** payment system, claims may be submitted only after the beneficiary has been discharged or transferred from the hospital.

2. Inpatient mental health services. Under most circumstances, the 60-day inpatient mental health limit applies to the first 60 days of care paid in a calendar year. The patient will be notified when the first 30 days of inpatient mental health benefits have been paid. The beneficiary is responsible for assuring that all claims for care are submitted sequentially and on a regular basis. Once payment has been made for care determined to be medically appropriate and a program benefit, the decision will not be reopened solely on the basis that previous inpatient mental health care had been rendered but not yet billed during the same calendar year by a different provider.

3. Claims involving the services of marriage and family counselors, pastoral counselors and mental health counselors. CHAMPUS requires that marriage and family counselors, pastoral counselors, and mental health counselors make a written report to the referring physician concerning the CHAMPUS beneficiary's progress. Therefore, each claim for reimbursement for services of marriage and family counselors, pastoral counselors; and **mental** health counselors must include certification to the effect that a written communication has been made or will be made to the referring physician at the end of treatment, or more frequently, as required by the referring physician.

F. PREAUTHORIZATION

When specifically required in other chapters of this Regulation, **pre-**authorization requires the following:

1. Preauthorization must be granted before benefits can be extended. In those situations requiring preauthorization, the request for such **pre-**authorization shall be submitted and approved before benefits may be extended, except as provided in Chapter 4, subsection All. If a claim for services or supplies is submitted without the required preauthorization, no benefits shall be paid, unless the Director, **OCHAMPUS**, or a designee, has granted an exception to the requirement for preauthorization.

a. Specifically preauthorized services. An approved preauthorization specifies the exact services or supplies for which authorization is being given. In a preauthorization situation, benefits cannot **be** extended for services or supplies provided beyond the specific authorization.

b. Time limit on preauthorization. Approved **preauthorizations** are valid for specific periods of time, usually 90 days. If the preauthorized services or supplies are not obtained or commenced within the specified time limit, a new preauthorization is required before benefits may be extended.

2. Treatment plan, management plan. Each preauthorization request shall be accompanied by a proposed medical treatment plan (for inpatient stays under the Basic Program) or management plan (for services under the PFTH) which **shall** include generally a diagnosis; a detailed summary of complete history and physical; a detailed statement of the problem; the proposed type and extent of treatment **or** therapy; the proposed treatment modality, including anticipated length of time the proposed modality will be required; any available test results; consultant's reports; and the prognosis. When ~~the~~ preauthorization request **involves** transfer from ~~a~~ hospital to another inpatient facility, medical records related to the inpatient stay **also** must be provided.

3. Durable equipment. Requests for preauthorization to purchase durable equipment under the PFTH must list all items of durable equipment previously authorized under the PFTH and state whether the current item of equipment is the initial purchase or a replacement. If it is a replacement item, the date the initial item was purchased also shall be provided.

4. Claims for services and supplies that have been preauthorized. Whenever a claim is submitted for benefits under CHAMPUS involving **preauthorized** services and **supplies**, the date of the approved preauthorization must be indicated on the claim form and a copy of the written preauthorization must be attached to the appropriate CHAMPUS claim.

G. CLAIMS REVIEW

It is the responsibility of the CHAMPUS fiscal intermediary (or **OCHAMPUS**, including **OCHAMPUSEUR**) to review each CHAMPUS claim submitted for benefit consideration to ensure compliance with all applicable definitions, conditions, limitations, or exclusions **specified or** enumerated in this Regulation. It is also required that before any CHAMPUS benefits may **be** extended, claims for medical services and supplies will **be** subject to utilization review and quality assurance standards, norms, and criteria issued by ~~the~~ Director, **OCHAMPUS**, or a designee (see paragraph **A.1.e.** of Chapter 14 for review standards for claims subject to the CHAMPUS DRG-based payment system).

H. BENEFIT PAYMENTS

CHAMPUS benefit payments are made either directly to the beneficiary or sponsor or to the provider, depending on the manner in which the CHAMPUS claim is submitted.

1. Benefit payments made to beneficiary or sponsor. When the CHAMPUS beneficiary or sponsor signs and submits a specific **claim** form directly to the appropriate CHAMPUS fiscal intermediary (or **OCHAMPUS**, including **OCHAMPUSEUR**), any CHAMPUS benefit payments due as a result of that specific claim submission will **be** made in the name of, and mailed to, the beneficiary or sponsor. In such circumstances, the beneficiary or sponsor is responsible to the provider for any amounts billed.

2. Benefit payments made to participating provider. When the authorized provider elects to participate by signing a CHAMPUS **claim form**, indicating participation in the appropriate space on the claim form, and submitting a specific claim **on behalf** of the beneficiary to the appropriate CHAMPUS fiscal intermediary, any CHAMPUS benefit payments due as a result of that claim submission will **be** made in the name of and mailed to the participating provider. Thus, by signing the **claim** form, the authorized provider agrees to abide by the **CHAMPUS-determined** allowable charge or cost, whether or **not lower** than the amount billed. Therefore, the beneficiary **or** sponsor is responsible only for any required deductible amount and any cost-sharing portion of ~~the CHAMPUS-determined~~ allowable charge or cost as may be required under the terms and conditions set forth **in** Chapters 4 and 5 of this Regulation.

3. CEOB. When a CHAMPUS claim is adjudicated, a CEOB is sent to the beneficiary or sponsor. A copy of the CEOB also is sent to the provider if the claim was submitted on a participating basis. The CEOB form provides, at a minimum, the following information:

- a. Name and **address** of beneficiary.
- b. Name and address of provider.
- c. Services or supplies covered **by** claim for which CEOB applies.
- d. Dates services or supplies provided.
- e. Amount billed; CHAMPUS-determined allowable charge or cost; and amount of CHAMPUS payment.
- f. To whom payment, if any, was made.
- g. Reasons for any denial.
- h. Recourse available to beneficiary for review of **claim** decision (refer to Chapter 10 of this Regulation).

NOTE : The Director, **OCHAMPUS**, or a designee, may authorize a CHAMPUS fiscal intermediary to waive a CEOB to protect the privacy of a CHAMPUS beneficiary.

4. Benefit under \$1. If the CHAMPUS benefit is determined to be under \$1, payment is waived.

I. ERRONEOUS PAYMENTS AND RECOUPMENT

1. Erroneous payments. Erroneous payments are expenditures of government funds that are not **authorized** by law or the Regulation. Such payments are to be recouped under **the** provisions of Chapter 11 of this Regulation.

2. Claims **denials** resulting from clarification or change in law or Regulation. In those instances where claims review results in a finding of denial **of benefits** previously allowed but currently denied due to a clarification or interpretation of law or this Regulation, **or** due to a change in this Regulation, no recoupment action need be taken to recover funds expended prior to the effective date of such clarification, interpretation, or change.

3. Fraudulent billing. Claims that are submitted to CHAMPUS that include a billing for services, supplies, or equipment not furnished, or used by, CHAMPUS beneficiaries will be denied in **their** entirety, regardless of the relative amount of the fraudulent billing compared to the total billings. Claims that have been CHAMPUS cost-shared that are retroactively audited or reviewed and are found to include fraudulent billings may be denied in part or in total based on the discretion of the Director, OCHAMPUS, or a designee.

J. GENERAL ASSIGNMENT OF BENEFITS NOT RECOGNIZED

CHAMPUS does not recognize any general assignment of CHAMPUS benefits to another person. All CHAMPUS benefits are payable as described in this and other chapters of this Regulation.

CHAPTER 10

APPEAL AND HEARING PROCEDURES

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CHAPTER 10
APPEAL AND HEARING PROCEDURES

A. GENERAL

This chapter sets forth the policies and procedures for appealing decisions made by **OCHAMPUS**, **OCHAMPUSEUR**, and **CHAMPUS** -contractors adversely affecting the rights and liabilities of CHAMPUS beneficiaries, CHAMPUS participating providers, and providers denied the status of authorized provider under CHAMPUS. An **appeal** under CHAMPUS is an administrative review of program determinations made under the provisions of law and regulation. An appeal cannot challenge the propriety, equity, or legality of any provision of law or regulation.

1. Initial determination

a. Notice of initial determination and right to appeal

(1) **OCHAMPUS**, **OCHAMPUSEUR**, and CHAMPUS contractors shall mail notices of initial determinations to the affected provider or CHAMPUS beneficiary (or representative) at the last known address. For beneficiaries who are under 18 years of age or who are incompetent, a notice issued to the parent, guardian, or other representative, under established CHAMPUS procedures, constitutes notice to the beneficiary.

(2) CHAMPUS contractors and **OCHAMPUSEUR** shall notify a provider of an initial determination on a claim only if the provider participated in the claim. (See Chapter 7 of this Regulation.)

(3) CHAMPUS peer review organizations shall notify providers and fiscal intermediaries of a denial determination on a claim.

(4) Notice of an initial determination on a claim processed by a **CHAMPUS** contractor or **OCHAMPUSEUR** normally will be made on a CHAMPUS Explanation of Benefits (CEOB) form.

(5) Each notice of an initial determination on a request for benefit authorization, a request by a provider for approval as an authorized CHAMPUS provider, or a decision to disqualify or exclude a provider as an authorized provider under CHAMPUS shall state the reason for the determination and the underlying facts supporting the determination.

(6) In any case ~~when~~ the initial determination is adverse to the beneficiary or participating provider, or to the provider seeking approval as an authorized CHAMPUS provider, the notice shall include a statement of the beneficiary's or provider's right to appeal the determination. The procedure for filing the appeal also shall be explained.

b. Effect of initial determination. The initial determination is final unless appealed in accordance with this chapter, or unless the initial determination is reopened by **OCHAMPUS**, the CHAMPUS contractor, or the CHAMPUS peer review organization.

2. Participation in an appeal. Participation in an appeal is limited to any party to the initial determination, including CHAMPUS, and authorized representatives of the parties. Any party to the initial determination, except CHAMPUS, may appeal an adverse determination. The appealing party is the party who actually files the appeal.

a. Parties to the initial determination. For purposes of the CHAMPUS appeals and hearing procedures, the following are not parties to an initial determination and are not entitled to administrative review under this chapter.

(1) A provider disqualified or excluded as an authorized provider under CHAMPUS based on a determination of abuse or fraudulent practices or procedures under another Federal or federally funded program is not a party to the CHAMPUS action and may not appeal under this chapter.

(2) A beneficiary who has an interest in receiving care or has received care from a particular provider cannot be an appealing party regarding the exclusion, suspension, or termination of the provider under Chapter 9 of this Regulation.

(3) A sponsor or parent of a beneficiary under 18 years of age or guardian of an incompetent beneficiary is not a party to the initial determination and may not serve as the appealing party, although such persons may represent the appealing party in an appeal.

(4) A third party, such as an insurance company, is not a party to the initial determination and is not entitled to appeal even though it may have an indirect interest in the initial determination.

(5) A nonparticipating provider is not a party to the initial determination and may not appeal.

b. Representative. Any party to the initial determination may appoint a representative to act on behalf of the party in connection with an appeal. Generally, the parent of a minor beneficiary and the legally appointed guardian of an incompetent beneficiary shall be presumed to have been appointed representative **without** specific designation by the beneficiary. The custodial parent or legal guardian (appointed by a cognizant court) of a minor beneficiary may initiate an appeal based on **the** above presumption. However, should a minor beneficiary turn 18 years of age during the course of an appeal, then any further requests to appeal on behalf of the beneficiary must be from the beneficiary or pursuant to the written authorization of the beneficiary appointing a representative. For example, if **the** beneficiary is 17 years of age and the sponsor (who is **a** custodial parent) requests a formal review, absent written objection by the minor beneficiary, the sponsor is presumed to be acting on behalf of the minor beneficiary. Following the issuance of the formal review, the sponsor requests a hearing; however if, at the time of the request for a hearing, the beneficiary is 18 years of age or older, the request must either be by the beneficiary or the beneficiary must appoint a representative. The sponsor, in this example, could not pursue the request for hearing without being appointed by the beneficiary as the beneficiary's representative.

(1) The representative shall have the same authority as the party to the appeal and notice given to the representative shall constitute notice required to be given to the party under this Regulation.

(2) To avoid possible conflicts of interest, an officer or employee of the United States, such as an employee or member of a Uniformed Service, including an employee or staff member of a Uniformed Service legal office, or a CHAMPUS advisor, subject to the exceptions in 18 U.S.C. 205 (reference (hh)), is not eligible to serve as a representative. An exception usually is made for an employee or member of a Uniformed Service who represents an immediate family member. In addition, the Director, OCHAMPUS, or designee, may appoint an officer or employee of the United States as the CHAMPUS representative at a hearing.

3. Burden of proof. The burden of proof is on the appealing party to establish affirmatively by substantial evidence the appealing party's entitlement under law and this Regulation to the authorization of CHAMPUS benefits, approval of authorized CHAMPUS provider status, or removal of sanctions imposed under Chapter 9 of this Regulation. If a presumption

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